Board of Directors
North Carolina Board of Physical Therapy Examiners

In planning and performing our audit of the financial statements of the North Carolina Board of Physical Therapy Examiners as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the North Carolina Board of Physical Therapy Examiners' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North Carolina Board of Physical Therapy Examiners' internal control. Accordingly, we do not express an opinion on the effectiveness of the North Carolina Board of Physical Therapy Examiners' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, and the Board of Directors of the North Carolina Board of Physical Therapy Examiners, and is not intended to be and should not be used by anyone other than these specified parties.

Garrett, Dodd & Associates, Ltd.
Durham, North Carolina
October 23, 2019
October 23, 2019

Board of Directors
North Carolina Board of Physical Therapy Examiners

We have audited the financial statements of the North Carolina Board of Physical Therapy Examiners for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. Professional standards require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the North Carolina Board of Physical Therapy Examiners are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Board’s financial statements were:

Management’s estimate of the depreciable lives of capital assets (i.e. equipment and computers). We evaluated the key factors and assumptions used to develop the useful lives and determined that they were reasonable in relation to the financial statements taken as a whole.
Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 23, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the North Carolina Board of Physical Therapy Examiners and is not intended to be and should not be used by anyone other than these specified parties.
GARRETT, DODD & ASSOCIATES, LTD.

Durham, North Carolina
NORTH CAROLINA BOARD OF
PHYSICAL THERAPY EXAMINERS

FINANCIAL STATEMENTS

JUNE 30, 2019
NORTH CAROLINA BOARD OF PHYSICAL THERAPY EXAMINERS

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JUNE 30, 2019

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Members of the Board
North Carolina Board of Physical Therapy Examiners
Durham, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the North Carolina Board of Physical Therapy Examiners as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Board’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the North Carolina Board of Physical Therapy Examiners as of June 30, 2019, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A, the financial statements present only the North Carolina Board of Physical Therapy Examiners and do not purport to, and do not present fairly the financial position of the State of North Carolina, as of June 30, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 23, 2019 on our consideration of the Board’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards in considering the Board’s internal control over financial reporting and compliance.

Durham, North Carolina
October 23, 2019
Introduction

The following discussion and analysis provides an overview to assist the reader in interpreting and understanding the accompanying basic financial statement. This overview includes a comparative financial analysis with discussion of significant changes from the prior year, as well as a discussion of currently known facts, decisions, and conditions. This information is provided by the North Carolina Board of Physical Therapy Examiners (NCBPTE).

Overview of the Basic Financial Statements

The Statement of Net Position provides information relative to the Board’s assets, liabilities, and the resulting net position as of the last day of the fiscal year (June 30, 2019). Assets and liabilities on this statement are categorized as either current or noncurrent. Current assets are those that are available to pay for expenses in the next fiscal year. Current liabilities are those payable in the next fiscal year. Net position on this statement is categorized as either invested in capital assets or unrestricted. Overall, the Statement of Net Position provides information relative to the financial strength of the Board and its ability to meet current and long-term obligations.

The Statement of Revenues, Expenses, and Changes in Net Position provides information relative to the results of the Board’s operations, non-operating activities, and other activities affecting net position that occurred during the fiscal year. Operating activities include the licensure, licensure renewal and examination activities for the practice of physical therapy in the State. The Board does require disciplined licensees to reimburse the Board the “costs of investigation”. Non-operating activity includes interest income. Overall, the Statement of Revenues, Expenses, and Changes in Net Position provides information relative to the Board’s management of its operations and its ability to maintain its financial strength.

The Statement of Cash Flows provides information relative to the Board’s sources and uses of cash funds for operating activities. The statement provides a reconciliation of beginning cash balances to ending cash balances and is representative of activity reported on the Statement of Revenues, Expenses, and Changes in Net Position.

The Statements described above are the basic financial statements required by the Governmental Accounting Standards Board (GASB) accounting principles. In accordance with GASB, the financial statements are presented on the Board as a whole and use reporting concepts in a manner similar to that required of a business enterprise. The financial statement balances reported are presented in a classified format to aid the reader in understanding the nature of the financial statement balances.

In using the basic financial statements, the Notes to the Financial Statements should be read in conjunction with the basic financial statements. The Notes to the Financial Statements provide information relative to the significant accounting principles applied in the basic financial statements, authority for and associated risk of deposits, detailed information on capital assets and noncurrent liabilities, revenues and expenses, required information on pension plans, insurance against losses, commitments and contingencies, accounting changes, and if necessary a discussion of adjustments to prior periods and events subsequent to the Board’s financial statement period. Overall, the Notes to the Financial Statements provide information to better understand details, risks, and uncertainties associated with amounts reported in the basic financial statements.
NORTH CAROLINA BOARD OF PHYSICAL THERAPY EXAMINERS
Management’s Discussion and Analysis

Brief Agency Highlights

- At the end of the fiscal year ending June 30, 2019, the Board had an operating income of $514,432, a significant increase from 2018.

- During the year ended June 30, 2019, litigation expenses associated with the Acupuncture Board's lawsuit totaled $2,335. Litigation expenses were minimal due to the North Carolina supreme Court rendering its decision December 7, 2018, effectively ending the litigation.

- Operating Expenses including litigation expenses, declined by $74,550 from June 30, 2018 to June 30, 2019. The Board continued to use cost control measures by increasing electronic licensure applications and general communications, thus decreasing expenses.

- Long-term assets, other than capital assets, consist mainly of Certificates of Deposits maturing more than one year after June 30, 2019 and Capital assets.

- Total assets increased from $1,847,174 to $2,372,348 in the year ending June 30, 2019 largely due to an increase in the number of licensure applicants with ongoing PT/PTA academic educational program growth. This increase will again allow the Board to increase reserves depleted by unanticipated litigation expenses in the last 2 years, and fund information technology infrastructure and programming needs to serve the public.

- Current liabilities increased in 2019 from 2018 largely due to staff longevity and the resulting increase in vacation accrual; Long-term liabilities decreased due to a majority of current NCBPTE staff having 6 years or less longevity with the Board.

- Deferred inflows represent exam fees paid in advance and remained essentially unchanged in 2019.

- Net position consists of amounts invested in capital assets of $51,869 and $68,419 for June 30, 2018 and June 30, 2019 respectively, and unrestricted amounts of $1,667,547 and $2,171,561 respectively. The increase in net position from June 30, 2018 to June 30, 2019 reflects significantly decreased litigation expenses in 2019 and an increase in the number of licensees paying renewal fees and initial application fees.

- Operating revenues increased by $51,058 from June 30, 2018 to June 30, 2019 primarily due to the increased number of licensees renewing licensees and higher number of exam-taking applicants.
### Comparative Financial Highlights

<table>
<thead>
<tr>
<th>Year End</th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td>$ 2,209,758</td>
<td>$ 1,701,202</td>
</tr>
<tr>
<td><strong>Capital Assets-Net</strong></td>
<td>68,419</td>
<td>51,869</td>
</tr>
<tr>
<td><strong>Other Long-term Assets</strong></td>
<td>94,171</td>
<td>94,103</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>2,372,348</td>
<td>1,847,174</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td>51,877</td>
<td>41,508</td>
</tr>
<tr>
<td><strong>Long-term Liabilities</strong></td>
<td>36,481</td>
<td>43,200</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>88,718</td>
<td>84,708</td>
</tr>
<tr>
<td><strong>Deferred Inflows</strong></td>
<td>43,650</td>
<td>43,050</td>
</tr>
<tr>
<td><strong>Net Position – Unrestricted</strong></td>
<td>2,171,561</td>
<td>1,667,547</td>
</tr>
<tr>
<td><strong>Operating Revenue</strong></td>
<td>1,736,089</td>
<td>1,685,031</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>1,221,657</td>
<td>1,296,207</td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td>514,432</td>
<td>388,824</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>520,564</td>
<td>390,140</td>
</tr>
</tbody>
</table>

If you have any questions about this report or need additional information, contact:

Kathy O'Dwyer Arney, PT, MA  
Executive Director  
North Carolina Board of Physical Therapy Examiners  
8300 Health Park, Suite 233  
Raleigh, North Carolina 27615  
Phone: (919)490-6393; (800)800-8982  
Fax: (919)450-5106  
email: karney@ncptboard.org  
Web address: www.ncptboard.org
# NORTH CAROLINA BOARD OF PHYSICAL THERAPY EXAMINERS
## STATEMENT OF NET POSITION
### ENTERPRISE FUND
#### JUNE 30, 2019

**ASSETS**

**Current Assets:**
- Cash and cash equivalents (Note B) $1,846,785
- Certificates of deposit (at cost) (Note B) 357,162
- Prepaid expenses 5,811

Total Current Assets 2,209,758

**Noncurrent Assets:**
- Investment in certificates of deposit long-term (at cost) (Note B) 89,603
- Capital assets (Note C)
  - Furniture 53,944
  - Equipment 6,208
  - Computer equipment 144,102

Less accumulated depreciation 204,254

Less accumulated depreciation 135,835

Other assets 68,419

Total Noncurrent Assets 162,590

Total Assets 2,372,348

**LIABILITIES**

**Current Liabilities:**
- Accounts payable 2,008
- Accrued vacation (Note D) 49,869

Total Current Liabilities 51,877

**Long-Term Liabilities:**
- Accrued vacation (Note D) 36,841

Total Liabilities 88,718

**DEFERRED INFLOWS OF RESOURCES:**
- Useeared revenue 43,650

Total Liabilities and Deferred Inflows 132,368

**NET POSITION**
- Invested in capital assets 68,419

Unrestricted (Note G) 2,171,561

Total Net Position 2,239,980

See Independent Auditors' Report and Notes to Financial Statements
NORTH CAROLINA BOARD OF PHYSICAL THERAPY EXAMINERS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2019

OPERATING REVENUES

Charges for services:
  Renewal fees $ 1,485,890
  License, revival, transfer and other fees 241,218
  Disciplinary reimbursements 1,100
  Other revenues 7,881

Total operating revenues 1,736,089

OPERATING EXPENSES

Staff salaries 578,756
Payroll tax expense 43,151
Retirement contributions (Note E) 34,067
Board members and other travel
  per diem, subsistence and registration 34,059
Legal and investigation (Note H) 93,831
Postage 12,028
Copying and printing 10,258
Office supplies and expense 14,609
Office relocation expense 9,650
Staff registration, travel, meals 9,886
Information technology costs 23,162
Professional fees 33,027
Group insurance 125,657
Insurance 23,007
Membership dues 5,510
Credit card transaction fees 61,848
Equipment rent (Note F) 6,879
Rent (Note F) 64,947
Utilities and other office expenses 1,533
Warranty expense 2,149
Depreciation 33,613

Total operating expenses 1,221,657

Operating income $ 514,432

See Independent Auditors' Report and Notes to Financial Statements
NONOPERATING REVENUES (EXPENSES):

Interest income $  6,850
Loss on disposal of capital assets (718)

6,132

Change in net position 520,564

Net position June 30, 2018 1,719,416

Net position June 30, 2019 $ 2,239,980

See Independent Auditors' Report and Notes to Financial Statements
Cash flows from operating activities:
- Cash received from licensees and applicants $1,727,108
- Cash received from others 8,981
- Cash paid to employees and professionals (701,450)
- Cash paid to suppliers (480,957)
  Net cash flows provided by operating activities 553,662

Cash flows from capital and related financing activities
- Acquisition of capital assets (50,881)

Cash flows from investing activities
- Receipt of interest income 6,850
- Increase in certificates of deposit (1,251)
  Net change in cash and cash equivalents 508,380

Net change in cash and cash equivalents 508,380

Cash and cash equivalents - June 30, 2018 1,338,405

Cash and cash equivalents - June 30, 2019 $1,846,785

Reconciliation of operating income to net cash flows from operating activities
- Operating income $514,432

Adjustments to reconcile operating income to net cash provided (used) by operating activities:
- Depreciation and amortization 35,762
- Changes in assets and liabilities:
  - (Increase) in prepaid expenses (1,891)
  - (Decrease) in account payable - trade (164)
  - Increase in accrued vacation 4,174
  - Increase in unearned revenue 600
  - Decrease in other assets 749
  Net cash used by operating activities $553,662

See Independent Auditors' Report and Notes to Financial Statements
NOTE A  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Board was established by the North Carolina General Assembly as an occupational licensing board to maintain standards for the practice of physical therapy in North Carolina.

Financial Reporting Entity

The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The accompanying financial statements present all funds and activities for which the Board is responsible.

For financial reporting purposes, the Board is a nonmajor enterprise fund of the primary government of the State of North Carolina and is reported as such in the State’s Comprehensive Annual Financial Report (CAFR). These financial statements for the Board are separate and apart from those of the State of North Carolina and do not present the financial position of the State nor changes in the State’s financial position and cash flows.

Basis of Presentation

The statement of net position reflects all assets including long-term assets, and all obligations including long-term obligations.

The statement of revenues, expenses and changes in net position presents a comparison between direct expenses and program revenues of the Board. Primary revenues include fees and other charges paid by the recipients of services.
Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, the Board's accounts are maintained during the year using the modified accrual basis of accounting. However, at year-end, financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when cash flows take place.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

The Board considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Deferred Inflows of Resources

Unearned revenues consist principally of license fees paid by applicants prior to taking exams.

Capital Assets

Capital assets are defined by the Board as assets with an initial individual cost of $500 or more and an estimated useful life of more than two years. Purchased assets are reported at cost. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend asset lives are expensed.
NOTE A  (CONTINUED)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Estimated Useful Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>5-10 years</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>3 years</td>
</tr>
</tbody>
</table>

Accrued Vacation

The vacation leave policy of the Board provides for accumulation of earned vacation leave with such leave being fully vested when earned. Because vacation leave is payable to employees at termination, a liability for the outstanding balances has been recorded. That portion of accrued vacation that is estimated to be used in the next fiscal year has been designated as a current liability in the financial statements (first-in, first-out method of using accumulated time).

Net Position

Net positions in the financial statements are classified as invested in capital assets and unrestricted.

NOTE B  DEPOSITS AND INVESTMENTS

The Board maintains cash balances, money market accounts and certificates of deposit at several local financial institutions. Certificates of deposit have a book and market value of $446,765 at June 30, 2019. Certificates of deposit have varying interest rates and staggered maturities over the next 36 months,
NOTE B  (CONTINUED)

with those maturing more than one year after June 30, 2019 reflected as long-term investments.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be returned to it. The Board does not have a formal deposit policy for custodial credit risk. As of June 30, 2019, the Board’s deposits of $2,293,550 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized - $897,935

NOTE C  CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2019 were as follows:

<table>
<thead>
<tr>
<th>ASSET</th>
<th>June 30, 2018</th>
<th>Additions</th>
<th>Retirements</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture</td>
<td>$ 24,227</td>
<td>$ 35,371</td>
<td>$ 5,654</td>
<td>$ 53,944</td>
</tr>
<tr>
<td>Equipment</td>
<td>6,208</td>
<td></td>
<td></td>
<td>6,208</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td>140,273</td>
<td>15,510</td>
<td>11,681</td>
<td>144,102</td>
</tr>
<tr>
<td></td>
<td>$170,708</td>
<td>$ 50,881</td>
<td>$ 17,335</td>
<td>$204,254</td>
</tr>
</tbody>
</table>
NOTE C  (CONTINUED)

DEPRECIATION

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2018</th>
<th>Current Expense</th>
<th>Retirements</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture</td>
<td>$ 21,784</td>
<td>$ 5,481</td>
<td>$ 5,358</td>
<td>$ 21,907</td>
</tr>
<tr>
<td>Equipment</td>
<td>2,769</td>
<td>917</td>
<td></td>
<td>3,686</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td>94,286</td>
<td>27,215</td>
<td>11,259</td>
<td>110,242</td>
</tr>
</tbody>
</table>

$ 118,839 $ 33,613 $ 16,617 $135,835

NOTE D  ACCRUED VACATION

The changes in accrued vacation are as follows:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2018</th>
<th>Additions</th>
<th>Used</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$82,536</td>
<td>$57,634</td>
<td>$53,460</td>
<td>$86,710</td>
</tr>
</tbody>
</table>

The amount representing the current portion of vacation leave is $49,869.

NOTE E  RETIREMENT PLAN

The North Carolina Licensing Boards Retirement Plan is a multiple-employer, cost-sharing defined contribution plan. Participating employees must contribute 6% of their gross pay and the board matches those contributions 100%. Employee’s contributions are 100% vested; the Board’s matching contributions are 100% vested after 5 years of credited service. The Board contributed a 6% matching share ($34,067) on behalf of its employees.
NOTE F  LEASE OBLIGATIONS

The Board leases office space and office equipment through operating leases under which future minimum rentals are as follows:

<table>
<thead>
<tr>
<th>Year ended June 30:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$ 72,816</td>
</tr>
<tr>
<td>2021</td>
<td>77,486</td>
</tr>
<tr>
<td>2022</td>
<td>82,670</td>
</tr>
<tr>
<td>2023</td>
<td>87,572</td>
</tr>
<tr>
<td>2024</td>
<td>90,052</td>
</tr>
<tr>
<td>Thereafter</td>
<td>397,395</td>
</tr>
<tr>
<td></td>
<td>$807,991</td>
</tr>
</tbody>
</table>

NOTE G  NET POSITION

The Board has assigned portions of its unrestricted net position for the following purposes:

Designated

<table>
<thead>
<tr>
<th>Designation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve for prepaid expenses</td>
<td>$ 5,811</td>
</tr>
<tr>
<td>Information technology reserve</td>
<td>100,000</td>
</tr>
<tr>
<td>Replacement of property &amp; equipment</td>
<td>100,000</td>
</tr>
<tr>
<td>Continuing education</td>
<td>50,000</td>
</tr>
<tr>
<td>Possible future building acquisition</td>
<td>735,000</td>
</tr>
<tr>
<td>Unanticipated litigation costs</td>
<td>300,000</td>
</tr>
<tr>
<td></td>
<td>1,290,811</td>
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Undesignated

<table>
<thead>
<tr>
<th>Undesignated</th>
<th>880,750</th>
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<tr>
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<td>$2,171,561</td>
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</table>

15
NOTE H  LITIGATION

In September 2015, the North Carolina Acupuncture Licensing Board (NCALB) filed a lawsuit against the North Carolina Board of Physical Therapy Examiners (NCBPTE).

The case was resolved on December 7, 2018 when the North Carolina Supreme Court issued its ruling affirming the NCBPTE Declaratory Ruling allowing physical therapists to perform dry needling.

NOTE I  SUBSEQUENT EVENTS

The Board has evaluated subsequent events through October 23, 2019, the date which the financial statements were available to be issued.

NOTE J  NORTH CAROLINA LEGISLATIVE STATUTORY REQUIREMENT CONCERNING AUDIT FEES

This audit required 60 hours at a cost of $10,400.
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Board of Directors
North Carolina Board of Physical Therapy Examiners
Durham, North Carolina

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the North Carolina Board of Physical Therapy Examiners (Board) as of and for the year ended June 30, 2019 and the related notes to the financial statements and have issued our report thereon dated October 23, 2019.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Board’s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Board’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GARRETT, DODD & ASSOCIATES, LTD.

Durham, North Carolina
October 23, 2019