

**NORTH CAROLINA BOARD OF
PHYSICAL THERAPY EXAMINERS**

FINANCIAL STATEMENTS

JUNE 30, 2021

NORTH CAROLINA BOARD OF PHYSICAL THERAPY EXAMINERS

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JUNE 30, 2021

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September 21, 2021

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, 2021. 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, 2021. 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.

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, 2021, 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, 2021, 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 September 21, 2021 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.

Garrett, Dodd & Associates, Ltd.

Durham, North Carolina
September 21, 2021

NORTH CAROLINA BOARD OF PHYSICAL THERAPY EXAMINERS
Management's Discussion and Analysis

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, 2021). 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 payables 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 issuance of licenses, permits and privileges, 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, 2021, the Board had an operating income of \$304,231, a decrease from 2020 of \$154,976.
- Operating Expenses increased by \$194,408 from June 30, 2020 to June 30, 2021. To continue modernization efforts in fiscal year 2021, Board expenses increased due primarily to hiring an additional software programming contractor and purchase of hardware and software to support increased security of Board data. One additional Board administrative staff was added due to an anticipated retirement. In addition, due to prevention measures for the spread of the COVID-19 virus, continued modernization and use of electronic technology reduced expenses for office supplies and Board meeting related expenses.
- The Board has increased its investment in Certificates of Deposit, all within the limits of coverage by the FDIC.
- Total assets increased from \$2,842,897 on June 30, 2020 to \$3,182,248 in the year ending June 30, 2021. The number of licensure applicants continued to increase as did license renewals. This increase is allowing the Board to make significant updates to its technology infrastructure, transition from paper to electronic Board processes and provide staffing to serve an increasing licensee population and the public protection efforts.
- Current liabilities increased in 2021 from 2020 due to additional employees becoming eligible for vacation benefit accrual. Long-term liabilities decreased due to a majority of current NCBPTE staff having 6 years or less longevity with the Board.
- Net position consists of amounts invested in capital assets of \$104,072 and \$107,501 for June 30, 2020 and June 30, 2021 respectively, and unrestricted amounts of \$2,648,953 and \$2,963,215 respectively. The increase in net position from June 30, 2020 to June 30, 2021 reflects an increase in earnings from 2020 to 2021 of invested assets and increase in operating revenues due to increased numbers of applications and license renewals
- Operating revenues increased by \$39,432 from June 30, 2020 to June 30, 2021 primarily due to an increase in the numbers of licensees paying renewal and application fees

Comparative Financial Highlights

| Year End | June 30, 2020 | June 30, 2021 |
|------------------------------------|--------------------|--------------------|
| Current Assets | \$2,615,930 | \$3,074,747 |
| Capital Assets-Net | 104,072 | 107,501 |
| Other Long-term Assets | 122,895 | -- |
| Total Assets | 2,842,897 | 3,182,248 |
| Current Liabilities | 53,227 | 83,934 |
| Long-term Liabilities | 36,645 | 27,598 |
| Total Liabilities | 89,872 | 111,532 |
| Net Position – Unrestricted | 2,648,953 | 2,963,215 |
| Operating Revenue | 1,883,752 | 1,923,184 |
| Operating Expenses | 1,424,545 | 1,618,953 |
| Operating Income (Loss) | 459,207 | 304,231 |
| Change in Net Position | 469,395 | 317,691 |

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

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NORTH CAROLINA BOARD OF PHYSICAL THERAPY EXAMINERS
STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2021

ASSETS

Current Assets:

| | |
|--|--------------|
| Cash and cash equivalents (Note B) | \$ 691,547 |
| Certificates of deposit (at cost) (Note B) | 2,376,069 |
| Prepaid expenses | <u>7,131</u> |
| Total Current Assets | 3,074,747 |

Noncurrent Assets:

| | |
|-------------------------------|------------------|
| Capital assets (Note C) | |
| Furniture | 56,015 |
| Equipment | 6,208 |
| Computer equipment | <u>232,543</u> |
| | 294,766 |
| Less accumulated depreciation | <u>(187,265)</u> |
| | <u>107,501</u> |
| Total Assets | <u>3,182,248</u> |

LIABILITIES

Current Liabilities:

| | |
|---------------------------|---------------|
| Accounts payable | 3,080 |
| Accrued vacation (Note D) | <u>80,854</u> |
| Total Current Liabilities | 83,934 |

Long-Term Liabilities:

| | |
|---------------------------|----------------|
| Accrued vacation (Note D) | <u>27,598</u> |
| Total Liabilities | <u>111,532</u> |

NET POSITION

| | |
|----------------------------|--------------------|
| Invested in capital assets | 107,501 |
| Unrestricted (Note G) | <u>2,963,215</u> |
| Total Net Position | <u>\$3,070,716</u> |

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 (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

OPERATING REVENUES

| | |
|---|----------------------|
| Charges for services: | |
| Renewal fees | \$ 1,563,845 |
| License, revival, transfer and other fees | 236,214 |
| Credit card processing fees | 62,403 |
| Background check fees collected | 49,557 |
| Disciplinary reimbursements | 7,383 |
| Other revenues | <u>3,782</u> |
| Total operating revenues | <u>1,923,184</u> |

OPERATING EXPENSES

| | |
|--|-----------------------|
| Staff salaries | 757,354 |
| Payroll tax expense | 54,898 |
| Retirement contributions (Note E) | 43,343 |
| Board members and other travel | |
| per diem, subsistence and registration | 5,295 |
| Legal and investigation | 91,856 |
| Postage | 9,797 |
| Copying and printing | 3,130 |
| Office supplies and expense | 5,817 |
| Office relocation expense | 728 |
| Staff registration, travel, meals | 2,812 |
| Information technology costs | 176,773 |
| Professional fees | 37,228 |
| Group insurance | 147,954 |
| Insurance | 25,981 |
| Membership dues | 1,975 |
| Credit card transaction fees | 69,372 |
| Equipment rent (Note F) | 4,663 |
| Rent (Note F) | 77,486 |
| Background check expenses | 48,685 |
| Depreciation (Note C) | <u>53,806</u> |
| Total operating expenses | <u>1,618,953</u> |
| Operating income | <u>\$ 304,231</u> |

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 (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

| | |
|--|---------------------|
| NONOPERATING REVENUES (EXPENSES): | |
| Interest income | \$ 13,573 |
| Loss on disposal of capital assets | <u>(113)</u> |
| | <u>13,460</u> |
| | |
| Change in net position | 317,691 |
| | |
| Net position June 30, 2020, as restated (Note I) | <u>2,753,025</u> |
| | |
| Net position June 30, 2021 | <u>\$ 3,070,716</u> |

See Independent Auditors' Report and Notes to Financial Statements

NORTH CAROLINA BOARD OF PHYSICAL THERAPY EXAMINERS
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2021

| | |
|---|--------------------|
| Cash flows from operating activities: | |
| Cash received from licensees and applicants | \$ 1,912,019 |
| Cash received from others | 11,165 |
| Cash paid to employees and professionals | (866,479) |
| Cash paid to suppliers | <u>(675,779)</u> |
| Net cash flows provided by operating activities | <u>380,926</u> |
| | |
| Cash flows from capital and related financing activities | |
| Acquisition of capital assets | <u>(57,348)</u> |
| | |
| Cash flows from investing activities | |
| Receipt of interest income | 13,573 |
| Increase in certificates of deposit | <u>(1,714,131)</u> |
| Net cash flows used by investing activities | <u>(1,700,558)</u> |
| | |
| Net change in cash and cash equivalents | (1,376,980) |
| | |
| Cash and cash equivalents - June 30, 2020 | <u>2,068,527</u> |
| | |
| Cash and cash equivalents - June 30, 2021 | <u>\$ 691,547</u> |
| | |
| Reconciliation of operating income to net cash flows provided by operating activities | |
| Operating income | \$ 304,231 |
| Adjustments to reconcile operating income to net cash provided | |
| by operating activities: | |
| Depreciation and amortization | 53,806 |
| Changes in assets and liabilities: | |
| (Increase) in prepaid expenses | (1,190) |
| Decrease in other assets | 2,419 |
| Increase in accounts payable - trade | 1,701 |
| Increase in accrued vacation | <u>19,959</u> |
| Net cash provided by operating activities | <u>\$ 380,926</u> |

See Independent Auditors' Report and Notes to Financial Statements

NORTH CAROLINA BOARD OF PHYSICAL
THERAPY EXAMINERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

NORTH CAROLINA BOARD OF PHYSICAL
THERAPY EXAMINERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A (CONTINUED)

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.

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.

NORTH CAROLINA BOARD OF PHYSICAL
THERAPY EXAMINERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A (CONTINUED)

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

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-------------------------|-----------------------------------|
| Furniture and equipment | 5-10 years |
| Computer equipment | 3 years |

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 various financial institutions. Certificates of deposit have a book and market value of \$2,376,069 at June 30, 2021. Certificates of deposit have varying interest rates and staggered maturities over the next 12 months,

NORTH CAROLINA BOARD OF PHYSICAL
THERAPY EXAMINERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE B (CONTINUED)

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, 2021, the Board’s deposits of \$3,067,616 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized - \$215,938

NOTE C CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2021 were as follows:

| | ASSET | | | |
|-----------------------|-------------------------|------------------|--------------------|-------------------------|
| | June 30, <u>2020</u> | <u>Additions</u> | <u>Retirements</u> | June 30, <u>2021</u> |
| Furniture | \$ 58,429 | \$ - | \$ (2,414) | \$ 56,015 |
| Equipment | 6,208 | - | - | 6,208 |
| Computer Equipment | <u>196,878</u> | <u>57,348</u> | <u>(21,683)</u> | <u>232,543</u> |
| | <u>\$261,515</u> | <u>\$ 57,348</u> | <u>\$(24,097)</u> | <u>\$294,766</u> |

NORTH CAROLINA BOARD OF PHYSICAL
THERAPY EXAMINERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE C (CONTINUED)

DEPRECIATION

| | <u>June 30,</u> <u>2020</u> | <u>Current</u> <u>Expense</u> | <u>Retirements</u> | <u>June 30,</u> <u>2021</u> |
|-----------------------|--------------------------------|----------------------------------|--------------------|--------------------------------|
| Furniture | \$ 28,590 | \$ 7,132 | \$ (2,301) | \$ 33,421 |
| Equipment | 4,603 | 917 | - | 5,520 |
| Computer Equipment | <u>124,250</u> | <u>45,757</u> | <u>(21,683)</u> | <u>148,324</u> |
| | <u>\$ 157,443</u> | <u>\$53,806</u> | <u>\$(23,984)</u> | <u>\$187,265</u> |

NOTE D ACCRUED VACATION

The changes in accrued vacation are as follows:

| | <u>June 30,</u> <u>2020</u> | <u>Additions</u> | <u>Used</u> | <u>June 30,</u> <u>2021</u> |
|--------|--------------------------------|------------------|-------------|--------------------------------|
| Amount | \$88,493 | \$100,813 | \$80,854 | \$108,452 |

The amount representing the current portion of vacation leave is \$80,854.

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 (\$43,343) on behalf of its employees.

NORTH CAROLINA BOARD OF PHYSICAL
THERAPY EXAMINERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE F LEASE OBLIGATIONS

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

| <u>Year ended June 30:</u> | <u>Amount</u> |
|----------------------------|------------------|
| 2022 | \$ 82,670 |
| 2023 | 87,572 |
| 2024 | 90,052 |
| 2025 | 92,078 |
| 2026 | 94,149 |
| Thereafter | <u>211,168</u> |
| | <u>\$657,689</u> |

NOTE G NET POSITION

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

| | |
|--------------------------------------|--------------------|
| Designated | |
| Reserve for prepaid expenses | \$ 7,131 |
| Information technology reserve | 300,000 |
| Replacement of property & equipment | 100,000 |
| Continuing education | 50,000 |
| Possible future building acquisition | 735,000 |
| Unanticipated litigation costs | <u>800,000</u> |
| | <u>1,992,131</u> |
| Undesignated | <u>971,084</u> |
| | <u>\$2,963,215</u> |

NORTH CAROLINA BOARD OF PHYSICAL
THERAPY EXAMINERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE H SUBSEQUENT EVENTS

The Board has evaluated subsequent events through September 21, 2021, the date which the financial statements were available to be issued.

NOTE I NORTH CAROLINA LEGISLATIVE STATUTORY REQUIREMENT
CONCERNING AUDIT FEES

This audit required 61 hours at a cost of \$10,400.



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**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, 2021 and the related notes to the financial statements and have issued our report thereon dated September 21, 2021.

The financial statements present only the North Carolina Board of Physical Therapy Examiners and do not support to and do not present fairly the financial position of the State of North Carolina, as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit 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 opinion 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.

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Garrett, Dodd & Associates, Ltd.

Durham, North Carolina
September 21, 2021