

FINANCIAL STATEMENTS
NORTH DAKOTA STATE BOARD OF
CLINICAL LABORATORY PRACTICE
For the Years Ended
June 30, 2017 and 2016

NORTH DAKOTA STATE BOARD OF
CLINICAL LABORATORY PRACTICE

Bismarck, North Dakota
June 30, 2017 and 2016

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Wynne M. Kubis
Certified
Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
North Dakota Board of
Clinical Laboratory Practice
P O Box 4103
Bismarck, ND 58502

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Dakota Board of Clinical Laboratory Practice, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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 of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit 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 judgement, including the assessment of the risks of material misstatements, 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

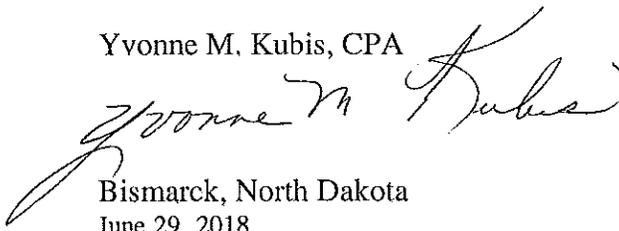
Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Dakota Board of Clinical Laboratory Practice, as of June 30, 2017 and 2016, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and on pages 22 and 23 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 consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standard 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I did not express opinions or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express opinions or provide any assurance.

Yvonne M. Kubis, CPA

A handwritten signature in cursive script that reads "Yvonne M. Kubis". The signature is written in black ink and is positioned to the right of the typed name.

Bismarck, North Dakota
June 29, 2018

Management's Discussion and Analysis

As management of the North Dakota State Board of Clinical Laboratory Practice, we offer the readers of the North Dakota State Board of Clinical Laboratory Practice's financial statements this narrative overview and analysis of the financial activities for the North Dakota State Board of Clinical Laboratory Practice for the years ended June 30, 2017 and 2016. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the North Dakota State Board of Clinical Laboratory Practice's financial statements, which follow this narrative.

Financial Highlights

- The assets of the North Dakota State Board of Clinical Laboratory Practice *exceeded* its liabilities at the close of the fiscal years of 2017 and 2016 by \$26,952 and \$37,405 respectively.
- The governmental Board's total net assets *decreased* by \$10,453 in 2017 and *decreased* by \$57,446 in 2016, primarily due to implementing a professional licensing board management system.
- As of the close of the fiscal year 2017, the North Dakota State Board of Clinical Laboratory Practice's governmental funds reported combined ending fund balances of \$26,952 a *decrease* of \$10,453 in comparison with the prior year. As of the close of the fiscal year 2016, the governmental funds reported combined ending fund balances of \$37,405 a *decrease* of \$57,446 in comparison with the prior year. Approximately 99 percent of the total fund balances or \$26,952 for 2017 and \$37,405 for 2016 were available for spending at the Board's discretion at the end of each fiscal year.
- At the end of the fiscal years 2017 and 2016 the unreserved fund balances for the General Fund were \$26,933 and \$37,387 respectively, or 99 percent of total expenditures for the fiscal years.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to North Dakota State Board of Clinical Laboratory Practice's basic financial statements. The Board's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Board through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the North Dakota Board of Clinical Laboratory Practice.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Board's individual funds. Budgetary information can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Board's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Board's financial status as a whole.

The two government-wide statements report the Board's net assets and how they have changed. Net assets are the difference between the Board's total assets and total liabilities. Measuring net assets is one way to gauge the Board's financial condition.

The governmental activities include most of the Board's basic services such as public safety and general administration. Licence renewals and fees finance are most to these activities.

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the Board's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The North Dakota State Board of Clinical Laboratory Practice, like all other government entities in North Dakota, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Board's budget ordinance. All of the funds of North Dakota State Board of Clinical Laboratory Practice are categorized under governmental funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Board's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Management Discussion and Analysis
North Dakota State Board of Clinical Laboratory Practice

The North Dakota State Board of Clinical Laboratory Practice adopts a biennial budget for its General Fund, as required by the Board. The budget is a document that incorporates input from the Board, the management of the Board, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Board to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Board complied with the budget and whether or not the Board succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 15-23 of this report.

Government-Wide Financial Analysis

The government-wide financial statements for the fiscal years ended June 30, 2017 and 2016 are based on a new era in financial reporting for the North Dakota Board of Clinical Laboratory Practice and many other units of government across the United States. Prior to this, the North Dakota Board of Clinical Laboratory Practice maintained their governmental fund as a separate and very distinct type of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the governmental Board as a whole. These statements were basically the equivalent of the fund financial statements that appear in this report with two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the North Dakota Board of Clinical Laboratory Practice's financial reports as well as those of many other units of government. While other units of government were required to implement these changes for the fiscal year ended June 30, 2002 or 2003, the North Dakota Board of Clinical Laboratory Practice was required to implement Statement 34 as of June 30, 2004.

North Dakota Board of Clinical Laboratory Practice's

Figure 2

	<u>Activities</u> <u>2017</u>	<u>Activities</u> <u>2016</u>
Current Assets	\$ 69,695	\$ 88,223
Capital Assets	<u>0</u>	<u>0</u>
Total Assets	\$ 69,695	\$ 88,223
Current Liabilities	<u>42,743</u>	<u>50,818</u>
Total Liabilities	42,743	50,818
Net Position:		
Restricted for Other Purposes	2,597	5,321
Unrestricted	<u>24,355</u>	<u>32,084</u>
Total Net Position	<u>\$ 26,952</u>	<u>\$ 37,405</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the North Dakota Board of Clinical Laboratory Practice exceeded liabilities by \$ 26,952 as of June 30, 2017 and by \$37,405 as of June 30, 2016. The Board's net assets *decreased* by \$10,453 for the fiscal year ended June 30, 2017 and *decreased* by \$57,446 as of June 30, 2016. The Board owns no capital assets.

Expenditures increased due to implementing a professional licensing board management system.

North Dakota State Board of Clinical Laboratory Practice's

Changes in Net Position

Figure 3

	<u>Governmental</u> <u>Activities</u> <u>2017</u>	<u>Governmental</u> <u>Activities</u> <u>2016</u>
Revenues:		
Program Revenues		
Charges for Services	\$ 100	\$ 100
General Revenues:		
Licences and Fees	41,391	43,684
Late Fees	1,150	0
Unrestricted Interest Income	156	178
Miscellaneous	<u>20</u>	<u>0</u>
Total Revenues	\$ 42,817	\$ 43,962

Changes in Net Position
Figure 3 Cont.

	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
Expenses:		
General Government	\$ 53,270	\$ 101,408
Total Expenses	53,270	101,408
Increase (Decrease) in Net Assets	(10,453)	(57,446)
Net Assets, July 1	<u>37,405</u>	<u>94,851</u>
Net Assets, June 30	\$ 26,952	\$ 37,405

Governmental activities. Governmental activities decreased the Board's net assets by \$10,453 in 2017 and decreased the net assets by \$57,446 in 2016.

Expenditures increased due to implementing a professional licensing board management system.

Budget Highlights for the Two Year Period Ending June 30, 2017

Governmental Activities: A budget has not been finalized.

Requests for Information

This report is designed to provide an overview of the Board's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to APT, Inc., 2900 E Broadway Ave., Bismarck, ND 58501, 701-224-1815.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
 Bismarck, North Dakota
 Statements of Net Position
 June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 7,969	\$ 26,552
Certificates of Deposit	61,630	61,591
Interest Receivable	77	62
Prepaid Expenditures	<u>19</u>	<u>18</u>
Total Current Assets	\$ 69,695	\$ 88,223
Total Assets	<u>\$ 69,695</u>	<u>\$ 88,223</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 2,597	\$ 5,321
Deferred Revenue	<u>40,146</u>	<u>45,497</u>
Total Current Liabilities	<u>\$ 42,743</u>	<u>\$ 50,818</u>
Total Liabilities	<u>\$ 42,743</u>	<u>\$ 50,818</u>
Net Position:		
Restricted for Other Purposes	\$ 2,597	\$ 5,321
Unrestricted	<u>24,355</u>	<u>32,084</u>
Total Net Position	<u>\$ 26,952</u>	<u>\$ 37,405</u>

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
 Bismarck, North Dakota
 Statement of Activities
 For the Year Ended June 30, 2017

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		Changes in Net Assets Primary Governmental Activities
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary Government:				
Governmental Activities:				
General Government	\$ 53,270	\$ 100	\$ 0	\$ (53,170)
Total Primary Government	<u>\$ 53,270</u>	<u>\$ 100</u>	<u>\$ 0</u>	<u>\$ (53,170)</u>
General Revenues:				
Licenses and Fees				41,391
Late Fees				1,150
Unrestricted Interest Income				156
Miscellaneous				<u>20</u>
Total General Revenues				<u>\$ 42,717</u>
Changes in Net Position				\$ (10,453)
Net Position – Beginning				<u>37,405</u>
Net Position - Ending				<u>\$ 26,952</u>

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
 Bismarck, North Dakota
 Statement of Activities
 For the Year Ended June 30, 2016

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		Changes in Net Assets Primary Governmental <u>Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary Government:				
Governmental Activities:				
General Government	\$ 101,408	\$ 100	\$ 0	\$ (101,308)
Total Primary Government	<u>\$ 101,408</u>	<u>\$ 100</u>	<u>\$ 0</u>	<u>\$ (101,308)</u>
 General Revenues:				
Licenses and Fees				\$ 43,684
Interest Income				178
Miscellaneous				<u>0</u>
Total General Revenues				<u>\$ 43,862</u>
 Changes in Net Position				\$ (57,446)
Net Position -- Beginning				<u>94,851</u>
Net Position - Ending				<u>\$ 37,405</u>

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
 Bismarck, North Dakota
 Balance Sheets - Governmental Funds
 June 30, 2017 and 2016

	<u>2017</u> <u>General</u>	<u>2016</u> <u>General</u>
Assets:		
Cash and Cash Equivalents	\$ 7,969	\$ 26,552
Certificates of Deposit	61,630	61,591
Interest Receivable	77	62
Prepaid Expenditures	<u>19</u>	<u>18</u>
Total Assets	<u>\$ 69,695</u>	<u>\$ 88,223</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 2,597	\$ 5,321
Deferred Revenues	<u>40,146</u>	<u>45,497</u>
Total Liabilities	<u>\$ 42,743</u>	<u>\$ 50,818</u>
Fund Balances:		
Reserved for:		
Prepaid Expenditures	\$ 19	\$ 18
Unreserved and Undesignated:		
Reported in the General Fund	<u>26,933</u>	<u>37,387</u>
Total Fund Balances (Deficit)	<u>\$ 26,952</u>	<u>\$ 37,405</u>
Total Liabilities and Fund Balances	<u>\$ 69,695</u>	<u>\$ 88,223</u>

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
 Bismarck, North Dakota
 Reconciliation of the Governmental Funds Balance Sheets
 to the Statements of Net Position
 June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Total Governmental Fund Balances	\$ 26,952	\$ 37,405
<p>The Board has no long-term assets or liabilities including property and equipment. Therefore no reconciliation is required between the fund financial statements and the government wide financial statements.</p>		
	_____	_____
Net Assets of Governmental Activities	<u>\$ 26,952</u>	<u>\$ 37,405</u>

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
 Bismarck, North Dakota
 Statements of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Years Ended June 30, 2017 and 2016

	2017 <u>General</u>	2016 <u>General</u>
Revenues:		
New Licenses	\$ 9,762	\$ 8,685
Renewed Licences	31,629	34,999
Late Fees	1,150	0
Interest Income	156	178
List/Labels	100	100
Miscellaneous	<u>20</u>	<u>0</u>
Total Revenues	<u>\$ 42,817</u>	<u>\$ 43,962</u>
Expenditures:		
Association Management	\$ 28,668	\$ 28,532
Photocopies	346	535
Postage	881	2,330
Telephone/Faxes	927	1,585
Web Page Expense	1,705	3,555
Office Supplies	963	1,298
Printing	0	0
File Scanning	1,316	0
Advertising	0	81
Board Meetings	3,302	3,933
Legal Fees	5,614	7,976
Liability Insurance	934	934
Audit	1,600	0
Prof Licensing Bd Management System	4,390	49,944
Credit Card & Paypal Fees	944	705
Miscellaneous	<u>1,680</u>	<u>0</u>
Total Expenditures	<u>\$ 53,270</u>	<u>\$ 101,408</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,453)</u>	<u>(57,446)</u>
Net Change in Fund Balances	(10,453)	(57,446)
Fund Balances (Deficit) – Beginning	<u>\$ 37,405</u>	<u>\$ 94,851</u>
Fund Balances (Deficit) - Ending	<u>\$ 26,952</u>	<u>\$ 37,405</u>

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
 Bismarck, North Dakota
 Reconciliation of the Statements of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds to the
 Statement of Activities
 For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Net Change in Governmental Fund Balances	\$ (10,453)	\$ (57,446)
The Board has no long-term assets or liabilities including property and equipment. Therefore no reconciliation is required between the fund financial statements and the government wide financial statements.		
	<u>0</u>	<u>0</u>
Change in Net Assets of Governmental Activities	\$ (10,453)	\$ (57,446)

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Dakota State Board of Clinical Laboratory Practice have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A: Nature of Organization

The North Dakota State Board of Clinical Laboratory Practice (the Board) was established in 1989 by the North Dakota Legislature for the purpose of licensing clinical laboratory personnel, codified as North Dakota Century Code Chapter 43-48. The Board consists of a six-member Board of Directors, which is appointed by the Governor of North Dakota for a three year term. It must include one physician chosen from a list of at least three qualified physicians recommended by the North Dakota Pathology Organization, one administrative non-physician clinical laboratory director, one clinical laboratory scientist, one clinical laboratory technician, and two consumer members, each of whom must be a citizen of the United States, a resident of North Dakota for at least two years before the date of appointment, and a current resident of North Dakota. The State Health Officer or his designee is an ex-officio member of the Board. Terms of board members shall be staggered with three years per term.

The Board licenses clinical laboratory personnel. In regulating the professions, the Board adopts and enforces standards of ethical practice.

B. Reporting Entity

In evaluating how to define the Board for financial reporting purposes, management has considered all potential component units. The decision to include a potential component in the reporting entity was made by applying the criteria set forth in Government Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operation, and accountability of management, the ability to significantly influence operations, and

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

B. Reporting Entity (cont.)

accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of the criterion involves considering whether the activity benefits the Board or its members or whether the activity is conducted within the geographic boundaries of the Board and is generally available to its members. A third criterion used to evaluate potential component units for inclusion or exclusion for the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the Board's reporting entity.

C. Basis of Presentation and Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the Board). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Board.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Board and for each function of the Board's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Indirect expenses - expenses of the general government related to the administration and support of the Board's programs, such as personnel and accounting - are allocated to programs based on their percentage of total primary government expenses.

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

C. Basis of Presentation and Basis of Accounting (continued)

meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds, including fiduciary funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds. The Board has the following major governmental funds:

General fund. This is the Board's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Basis of Accounting

The government-wide 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 the related cash flows take place. Revenue from licenses and fees is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

The Board has implemented GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments* and related standards. These new standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The government reports deferred revenues on its balance sheet. Deferred revenues arise when potential revenue meets both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

D. Budget

The Board is not required by North Dakota Law to adopt a budget, but has chosen to adopt one. Therefore, the statement of revenue and expenditures - budget to actual has been presented.

E. Income Taxes

The Board is exempt for payment of federal and state income taxes by virtue of it being a governmental entity that is not subject to income tax.

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, money market accounts and highly liquid investments with an original maturity of three months or less. Deposits must either be deposited with the Bank of North Dakota or in other financial institutions situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or secured with pledges of securities to 110% of the uninsured balance.

State statutes authorize the board to invest in:

- (1.) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, organizations created by an Act of Congress.
- (2.) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(3.) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation or the state.

(4.) Obligations of the state.

F. Cash and Cash Equivalents Continued

The investments of the board for the years ended June 30, 2017 and 2016 consisted of certificates of deposit stated at cost. For risk analysis purposes, the certificates of deposit are classified as deposits.

G. 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.

H. Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by Board legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

I. Revenue Recognition

Revenue is recorded for licenses, permits, exams and other miscellaneous fees. Licenses and permits are issued every two years. Revenue is recognized when earned. Deferred revenue represents one-half of revenue collected for the licenses and permits which is then earned in the next period.

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 2: RISK MANAGEMENT

The Board is exposed to risks including, but not limited to, public liability. The Board has contracted with the State of North Dakota's Risk Management Fund and the North Dakota Workforce Safety Insurance Program to limit the Board's exposure to loss. No claims have been filed against the Board as of June 30, 2017 and 2016, respectively, nor have any payments been made on the Board's behalf by the Risk Management Fund by Workforce Safety.

NOTE 3: CASH AND INVESTMENTS

The following is a summary of the cash and investments as of June 30, 2017 and 2016:

	Balance 06/30/17	Balance 06/30/16
Bank of North Dakota - Checking	\$ 4,224	\$ 5,162
Security First Bank – Checkling	3,645	21,149
Bank of North Dakota - Savings	0	141
Security First Bank – Savings	100	100
Bank of North Dakota – CDs	<u>61,630</u>	<u>61,591</u>
	<u>\$ 69,599</u>	<u>\$ 88,143</u>

The following table provides information about the credit risks associated with the Board's cash deposits. Category 1 includes deposits that are insured or registered in the name of the Board, or securities held by the Board or its agent in the Board's name; Category 2 includes uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Board's name; Category 3 includes uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the Board's name.

<u>June 30, 2017</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>
Checking	\$ 7,869	\$ 0	\$ 0	\$ 7,869
Savings	100	0	0	100
CDs	<u>61,630</u>	<u>0</u>	<u>0</u>	<u>61,630</u>
	<u>\$ 69,599</u>	<u>0</u>	<u>0</u>	<u>\$ 69,599</u>

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
 NOTES TO FINANCIAL STATEMENTS
 For the Years Ended June 30, 2017 and 2016

<u>June 30, 2016</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>
Checking	\$ 26,311	\$ 0	\$ 0	\$ 26,311
Savings	241	0	0	241
CDs	<u>61,591</u>	<u>0</u>	<u>0</u>	<u>61,561</u>
	<u>\$ 88,143</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 88,143</u>

NOTE 6: EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 29, 2018, the date which the financial statements were available to be issued.

NOTE 5: OFFICERS

The North Dakota Board of Clinical Laboratory Practice is under the control of a board of trustees. The Board consists of six members appointed by the Governor for a term of three years. As of June 30, 2017, the board members were as follows:

Sandra Matthey	Chair, Non-Physician Laboratory Director
Angie Neigum	Consumer
Sherry Melby	Secretary, CLT/MLT
Dr. Mark Koponen	Physician-Pathologist
Bruce Pritschet	Ex Officio Division Health Facilities Health Department
Kyle Handegard	Treasurer, Consumer
Dr. Ruth Paul	UND
Tom Tupa	Consumer

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
 Bismarck, North Dakota
 Statement of Revenues Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund
 For the Two Year Period July 1, 2015 thru June 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
New Licences	\$ 14,250	\$ 14,250	\$ 18,447	\$ 4,197
Renewed Licenses	64,700	64,700	66,628	1,928
Late Fee	1,000	1,000	1,150	150
Interest Income	500	500	334	(166)
List/Labels	100	100	200	100
Miscellaneous Income	50	50	20	(30)
Reserves	<u>50,000</u>	<u>50,000</u>	<u>54,334</u>	<u>4,334</u>
Total Revenues	\$ <u>130,600</u>	\$ <u>130,600</u>	\$ <u>141,113</u>	\$ <u>10,513</u>
Expenditures:				
General Government				
Association Management	\$ 57,336	\$ 57,336	\$ 57,200	136
Photocopies	1,000	1,000	881	119
Postage	3,500	3,500	3,211	289
Telephone/Faxes	2,100	2,100	2,512	(412)
Web Page Expense	4,400	4,400	5,260	(860)
Office Suplies	1,000	1,000	2,261	(1,261)
File Scanning	1,800	1,800	1,316	484
Advertising	250	250	81	169
Printing	550	550	0	550
Board Meetings	9,000	9,000	7,235	1,765
Legal Fees	6,000	6,000	13,590	(7,590)
Liability Insurance	2,000	2,000	1,868	132
Audit	1,600	1,600	1,600	0
Prof Licensing Bd Mgmt Sys	48,925	48,925	54,334	(5,409)
Credit Card & Palpal Fees	0	0	1,649	(1,649)
Miscellaneous Expense	<u>4,000</u>	<u>4,000</u>	<u>1,680</u>	<u>2,320</u>
Total Expenditures	\$ <u>143,461</u>	\$ <u>143,461</u>	\$ <u>154,678</u>	\$ (<u>11,217</u>)

The accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF CLINICAL LABORATORY PRACTICE
 Bismarck, North Dakota
 Statement of Revenues Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund
 For the Two Year Period July 1, 2015 thru June 30, 2017

	Continued Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of Revenues Over (Under) Expenditures	(12,861)	(12,861)	(13,565)	(704)
Reserve Funds	(50,000)	(50,000)	(54,334)	(4,334)
Fund Balance -- Beginning	<u>94,851</u>	<u>94,851</u>	<u>94,851</u>	<u>0</u>
Fund Balance -- Ending	<u>\$ 31,990</u>	<u>\$ 31,990</u>	<u>\$ 26,952</u>	<u>\$ (5,038)</u>

The accompanying notes are an integral part of these financial statements.

Wonne M. Kubis

Certified

Public Accountant

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND 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 Trustees
North Dakota Board of
Clinical Laboratory Practice
P. O. Box 4103
Bismarck, ND 58502

I 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 Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Dakota Board of Clinical Laboratory Practice, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise North Dakota Board of Clinical Laboratory Practice's basic financial statements, and have issued my report thereon dated June 29, 2018.

Internal Control Over Financial Reporting

In planning and performing my audits, I considered the North Dakota Board of Clinical Laboratory's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Dakota Board of Clinical Laboratory Practice's internal control. Accordingly, I do not express an opinion on the effectiveness of the North Dakota Board of Clinical Laboratory Practice'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.

My consideration of 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 material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.



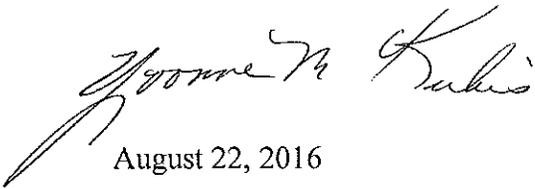
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 North Dakota Board of Clinical Laboratory Practice's financial statements are free of material misstatement, I 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 my audits, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

The purpose of this report is intended solely to describe the scope of my 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.

Yvonne M. Kubis, CPA



August 22, 2016