

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

NORTH DAKOTA STATE BOARD OF
OCCUPATIONAL THERAPY PRACTICE

Bismarck, North Dakota
June 30, 2017 and 2016

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Yvonne M. Kubis
Certified
Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
North Dakota Board of
Occupational Therapy Practice
P O Box 4005
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 Occupational Therapy 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.

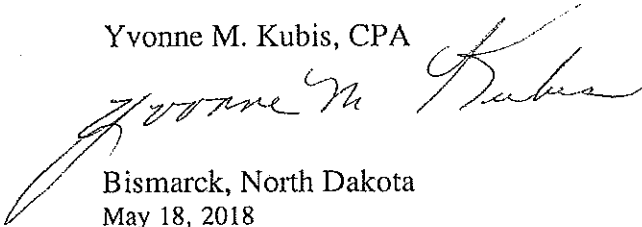
Opinions

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 Occupational Therapy 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 8 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, appearing to read "Yvonne M. Kubis", is written over the typed name and date.

Bismarck, North Dakota
May 18, 2018

Management's Discussion and Analysis

As management of the North Dakota State Board of Occupational Therapy Practice, we offer the readers of the North Dakota State Board of Occupational Therapy Practice's financial statements this narrative overview and analysis of the financial activities for the North Dakota State Board of Occupational Therapy 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 Occupational Therapy Practice's financial statements, which follow this narrative.

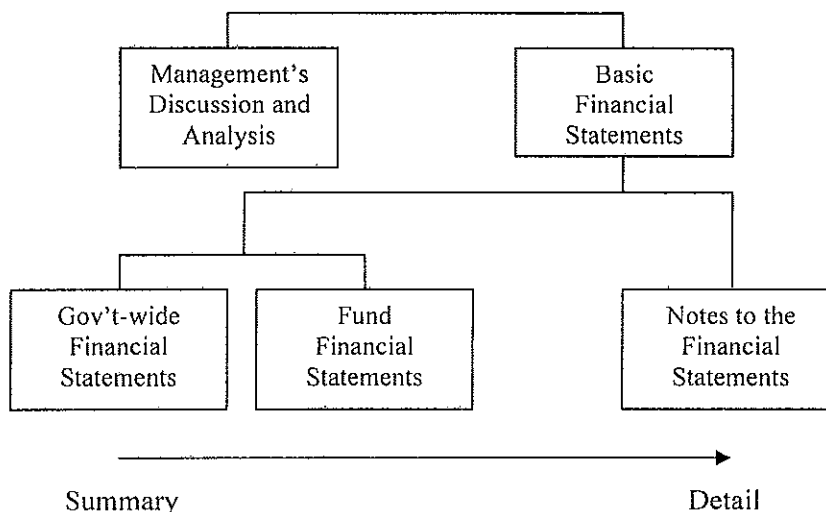
Financial Highlights

- The assets of the North Dakota State Board of Occupational Therapy Practice *exceeded* its liabilities at the close of the fiscal years of 2017 and 2016 by \$267,787 and \$286,946 respectively.
- The governmental Board's total net assets *decreased* by \$19,159 in 2017 and *increased* by \$23,774 in 2016, primarily due to variances in the governmental type activities net assets.
- As of the close of the fiscal year 2017, the North Dakota State Board of Occupational Therapy Practice's governmental funds reported combined ending fund balances of \$267,787 a *decrease* of \$19,159 in comparison with the prior year. As of the close of the fiscal year 2016, the governmental funds reported combined ending fund balances of \$283,946 an *increase* of \$23,774 in comparison with the prior year. Approximately 99 percent of the total fund balances of \$267,787 for 2017 and \$286,946 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 \$267,787 and \$286,946 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 Occupational Therapy 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 Occupational Therapy Practice.

Required Components of Annual Financial Report



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Board's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Board's government. These statements provide more detail than the government funds statements; 1) the governmental funds statements; and 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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 position and how they have changed. Net position is the difference between the Board's total assets and total liabilities. Measuring net position 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 Occupational Therapy 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 Occupational Therapy 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.

The North Dakota State Board of Occupational Therapy 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 16-21 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 Occupational Therapy

Management Discussion and Analysis
North Dakota State Board of Occupational Therapy Practice

Practice and many other units of government across the United States. Prior to this, the North Dakota Board of Occupational Therapy 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 Occupational Therapy 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 Occupational Therapy Practice was required to implement Statement 34 as of June 30, 2004.

**North Dakota State Board of Occupational Therapy Practice's
Net Position**

Figure 2

	Activities 2017	Activities 2016
Current Assets	\$ 324,582	\$ 352,552
Capital Assets	<u>0</u>	<u>0</u>
Total Assets	\$ 324,582	\$ 352,552
Current Liabilities	<u>56,795</u>	<u>65,606</u>
Total Liabilities	56,795	65,606
Net Position:		
Restricted for Other Purposes	3,626	3,500
Unrestricted	<u>264,161</u>	<u>253,446</u>
Total Net Position	<u>\$ 267,787</u>	<u>\$ 283,946</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the North Dakota Board of Occupational Therapy Practice exceeded liabilities by \$267,787 as of June 30, 2017 and by \$283,946 as of June 30, 2016. The Board's net position *decreased* by \$19,159 for the fiscal year ended June 30, 2017 and *increased* by \$23,774 as of June 30, 2016. The Board owns no capital assets.

The North Dakota State Board of Occupational Therapy Practice has had a steady increase in net assets over recent years. Revenues increased steadily since 2006 with the exception of 2017. The number of OTR renewals and the number of COTA renewals have decreased slightly in recent years. Interest income has decreased due to lower interest rates being paid. The increase in expenses is attributable to the normal increase of providing services. Legal fee expenditures

Management Discussion and Analysis
North Dakota State Board of Occupational Therapy Practice

tend to fluctuate from year to year. A new Website was updated at a large amount not budgeted in 2017.

**North Dakota State Board of Occupational Therapy Practice's
Changes in Net Position**

Figure 3

	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
Revenues:		
Program Revenues		
Charges for Services	\$ 180	\$ 390
General Revenues:		
Licences and Fees	60,147	58,410
Late Fees	3,800	300
Unrestricted Interest Income	662	1,060
Miscellaneous	<u>40</u>	<u>140</u>
Total Revenues	\$ 64,829	\$ 60,300
Expenses:		
General Government	<u>\$ 83,988</u>	<u>\$ 36,526</u>
Total Expenses	83,988	36,526
Increase (Decrease) in Net Position	(19,159)	23,774
Net Position, July 1	<u>286,946</u>	<u>263,172</u>
Net Position, June 30	\$ 267,787	\$ 286,946

Governmental activities. Governmental activities decreased the Board's net position by \$19,159 in 2017 and increased the net position by \$23,774 in 2016.

Financial Analysis of the Board's Funds

As noted earlier, the North Dakota State Board of Occupational Therapy Practice uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The North Dakota State Board of Occupational Therapy Practice has had a steady increase in Fund Balance over recent years until 2017. Revenues increased steadily since 2006. The number of OTR renewals and the number of COTA renewals have decreased slightly in recent years. Interest income has decreased due to lower interest rates being paid. The increase in expenses is attributable to the normal increase of providing services. Legal fee expenditures tend to fluctuate from year to year.

Governmental Funds The focus of the North Dakota State Board of Occupational Therapy Practice's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the North Dakota State

Management Discussion and Analysis

North Dakota State Board of Occupational Therapy Practice

Board of Occupational Therapy Practice's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the North Dakota State Board of Occupational Therapy Practice. The unreserved fund balance of the General Fund and the related total fund balance for fiscal years 2017 and 2016 were \$264,161 with a total of \$267,787 and \$283,446 with a total of \$286,946 respectively. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balances and total fund balances to total fund expenditures. Unreserved fund balances represented about 99 percent of total General Fund expenditures for both years.

At June 30, 2017 the governmental funds of the North Dakota State Board of Occupational Therapy Practice reported fund balances of \$267,787 and \$286,946 respectively. Year 2017 represented a 7 percent decrease over prior year and year 2016 represented an 8 percent increase over the prior year.

General Fund Budgetary Highlights

Revenues for the two year period July 1, 2015 thru June 30, 2017 were less than the budgeted amounts due to a slight decrease in new and renewal license fees. The decrease in expenses is attributable to small reductions in general operating expenses. Legal fees tend to fluctuate from year to year, and were less than anticipated. A new Website was updated at a large unbudgeted cost in 2017.

Economic Factors and Next Year's Budget and Rates

The following key economic indicators reflect the growth and prosperity of the Board.

- *Reasonable number of licenses

- *A continuing demand for occupational therapists in North Dakota

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities: Revenues are expected to remain stable with a slight decrease in new and renewed licenses. Expenses are expected to increase moderately. The budget has not been approved.

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 OCCUPATIONAL THERAPY 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	\$ 217,410	\$ 245,845
Certificates of Deposit	106,232	106,232
Interest Receivable	724	266
Prepaid Expenditures	<u>216</u>	<u>209</u>
Total Current Assets	\$ 324,582	\$ 352,552
 Total Assets	 <u>\$ 324,582</u>	 <u>\$ 352,552</u>
 Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 3,626	\$ 3,500
Deferred Revenue	<u>53,169</u>	<u>62,106</u>
Total Current Liabilities	\$ <u>56,795</u>	\$ <u>65,606</u>
 Total Liabilities	 <u>\$ 56,795</u>	 <u>\$ 65,606</u>
 Net Position:		
Restricted for Other Purposes	\$ 3,626	\$ 3,500
Unrestricted	<u>264,161</u>	<u>283,446</u>
 Total Net Position	 <u>\$ 267,787</u>	 <u>\$ 286,946</u>

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

NORTH DAKOTA BOARD OF OCCUPATIONAL THERAPY 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 Position Primary Government Governmental Activities
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary Government:				
Governmental Activities:				
General Government	\$ 83,988	\$ 180	\$ 0	\$ (83,808)
Total Primary Government	\$ 83,988	\$ 180	\$ 0	\$ (83,808)
General Revenues:				
Licenses and Fees				\$ 60,147
Late Fees				3,800
Unrestricted Interest Income				662
Miscellaneous				<u>40</u>
Total General Revenues				\$ <u>64,649</u>
Changes in Net Position				\$ (19,159)
Net Position – Beginning				<u>286,946</u>
Net Position - Ending				\$ <u>267,787</u>

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

NORTH DAKOTA BOARD OF OCCUPATIONAL THERAPY 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 Position Primary Governmental Activities
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary Government:				
Governmental Activities:				
General Government	\$ 36,526	\$ 390	\$ 0	\$ (36,136)
Total Primary Government	\$ 36,526	\$ 390	\$ 0	\$ (36,136)
General Revenues:				
Licenses and Fees				\$ 58,410
Late Fees				300
Interest Income				1,060
Miscellaneous				<u>140</u>
Total General Revenues				\$ 59,910
Changes in Net Position				23,774
Net Position – Beginning				<u>263,172</u>
Net Position - Ending				\$ 286,946

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

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

	2017 <u>General</u>	2016 <u>General</u>
Assets:		
Cash and Cash Equivalents	\$ 217,410	\$ 245,845
Certificates of Deposit	106,232	106,232
Interest Receivable	724	266
Prepaid Expenditures	<u>216</u>	<u>209</u>
Total Assets	<u>\$ 324,582</u>	<u>\$ 352,552</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 3,626	\$ 3,500
Deferred Revenues	<u>53,169</u>	<u>62,106</u>
Total Liabilities	\$ 56,795	\$ 65,606
Fund Balances:		
Reserved for:		
Prepaid Expenditures	\$ 216	\$ 209
Unreserved and Undesignated:		
Reported in the General Fund	<u>267,571</u>	<u>286,737</u>
Total Fund Balances (Deficit)	<u>\$ 267,787</u>	<u>\$ 286,946</u>
Total Liabilities and Fund Balances	<u>\$ 324,582</u>	<u>\$ 352,552</u>

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

NORTH DAKOTA BOARD OF OCCUPATIONAL THERAPY 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	\$ 267,787	\$ 286,946
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> </u>	<u> </u>
Net Position of Governmental Activities	<u>\$ 267,787</u>	<u>\$ 286,946</u>

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

NORTH DAKOTA BOARD OF OCCUPATIONAL THERAPY 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	\$ 9,324	\$ 9,604
Renewed Licences	48,473	45,406
Late Fees	3,800	300
Application Fees	1,900	2,450
Interest Income	662	1,060
Limited Permits	450	950
OTR/COTA List/Labels	180	390
Miscellaneous	<u>40</u>	<u>140</u>
Total Revenues	\$ <u>64,829</u>	\$ <u>60,300</u>
Expenditures:		
Management	\$ 24,904	\$ 24,756
Postage	569	1,638
Photocopies	176	265
Printing	0	549
Telephone	525	559
Office Supplies	221	767
Web Page Expense	1,375	900
Board Meetings	175	0
Conference Calls	180	172
Legal Fees	2,067	1,381
Audit	1,400	0
Risk Management	934	934
Conf/Education	0	4,511
Bank Fees/Pay Pal	256	13
Advertising	0	81
Pro Licensing Board Mgmt Sys tem	50,000	0
Database Management (Scanning)	<u>1,206</u>	<u>0</u>
Total Expenditures	\$ <u>83,988</u>	\$ <u>36,526</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(19,159)</u>	<u>23,774</u>
Net Change in Fund Balances	(19,159)	23,774
Fund Balances (Deficit) – Beginning	\$ <u>286,946</u>	\$ <u>263,172</u>
Fund Balances (Deficit) – Ending	\$ <u>267,787</u>	\$ <u>286,946</u>

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

NORTH DAKOTA BOARD OF OCCUPATIONAL THERAPY 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	\$ (19,159)	\$ 23,774
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 Position of Governmental Activities	\$ (19,159)	\$ 23,774

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the North Dakota State Board of Occupational Therapy Practice (the Board) conform to 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 Board's policies are described below.

A: Nature of Operations

The Board is a statewide administrative agency formed by Statute in 1985 consisting of five members appointed by the Governor of North Dakota. The function and purpose of the Board is to protect citizens of North Dakota from illegal practice of occupational therapy through the administration, coordination, evaluation, and examination of licensure in North Dakota, and to carry out the provisions of Chapter 43-44 of the North Dakota Century Code.

The Board shall set and collect fees for application, initial license, and renewal license, late renewals, and limited permits. These fees must be set in such amounts to reimburse the Board for the cost of services rendered.

B. Reporting Entity

The reporting entity of the North Dakota State Board of Occupational Therapy Practice is determined in accordance with the criteria defined in GASB Statement No. 14, the Financial Reporting Entity.

As required by generally accepted accounting principles, these financial statements present the Board (the primary government). There were no component units.

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 accompanying notes are an integral part of these financial statements.

NORTH DAKOTA BOARD OF OCCUPATIONAL THERAPY 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)

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 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.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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 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. 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 an annual budget for the General Fund. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles ("GAAP"). All budget appropriations lapse at year end.

E. Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of the materials or services. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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.

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

(4) Obligations of the state.

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.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

H. Net Position

Net position present 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 position is 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 and other fees. Program revenues include income from lists and labels. Membership renewal fees received before June 30, 2015 are for the renewal period July 1, 2016 through June 30, 2017. New licenses issued during April through June 2015 would be good through June of 2017. Revenue is recognized when earned. Fees received in advance are recorded as deferred revenue.

NOTE 2: 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
Starion Bank - Checking	\$ 10,301	\$ 5,915
Starion Bank - Savings	207,109	239,930
Starion Bank – CDs	<u>106,232</u>	<u>106,232</u>
	\$ 323,642	\$ 352,077

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.

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

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

NOTE 2: CASH AND INVESTMENTS (cont)

<u>June 30, 2017</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>
Checking	\$ 10,301	\$ 0	\$ 0	\$ 10,301
Savings	207,109	0	0	207,109
CDs	106,232	0	0	106,232
	<u>\$ 323,642</u>	<u>0</u>	<u>0</u>	<u>\$ 323,642</u>

<u>June 30, 2016</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>
Checking	\$ 5,915	\$ 0	\$ 0	\$ 5,915
Savings	239,930	0	0	239,930
CDs	106,232	0	0	106,232
	<u>\$ 352,077</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 352,077</u>

NOTE 3: 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 4: EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 20, 2018 the date which the financial statements were available to be issued.

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

NORTH DAKOTA BOARD OF OCCUPATIONAL THERAPY 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	\$ 17,000	\$ 17,000	\$ 18,928	\$ 1,928
Renewed Licenses	100,000	100,000	93,879	(6,121)
Late Fee	4,500	4,500	4,100	(400)
Appplication Fees	7,000	7,000	4,350	(2,650)
Interest Income	2,000	2,000	1,723	(277)
Limited Permits	1,600	1,600	1,400	(200)
OTR/COTA List/Labels	700	700	570	(130)
Miscellaneous Income	<u>300</u>	<u>300</u>	<u>180</u>	<u>(120)</u>
Total Revenues	<u>\$ 133,100</u>	<u>\$ 133,100</u>	<u>\$ 125,130</u>	<u>\$ (7,970)</u>
Expenditures:				
General Government				
Association Management	\$ 54,000	\$ 54,000	\$ 49,660	\$ 4,340
Photocopies	600	600	440	160
Postage	2,000	2,000	2208	(208)
Telephone/Faxes	1,200	1,200	1,084	116
Web Page Expense	2,470	2,470	2,275	195
Office Supplies	750	750	989	(239)
Advertising	0	0	81	(81)
Printing	750	750	549	201
Board Meetings	2,700	2,700	176	2,524
Conference Calls	600	600	352	248
Legal Fees	5,000	5,000	3,448	1,552
Risk Management	2,500	2,500	1,867	633
Scanning	1,300	1,300	1,206	94
Audit	1,500	1,500	1,400	100

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

NORTH DAKOTA BOARD OF OCCUPATIONAL THERAPY 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 Amount		Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Prof Licen. Board Mmgt Sys.	0	0	50,000	(50,000)
Conference/Education	2,500	2,500	4,511	(2,011)
Miscellaneous /Bank Charges	<u>1,600</u>	<u>1,600</u>	<u>269</u>	<u>1,331</u>
Total Expenditures	<u>\$ 79,470</u>	<u>\$ 79,470</u>	<u>\$ 120,515</u>	<u>\$ (41,045)</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	53,630	53,630	4,615	49,015
Fund Balance – Beginning	<u>263,172</u>	<u>263,172</u>	<u>263,172</u>	<u>0</u>
Fund Balance – Ending	<u>\$ 316,802</u>	<u>\$ 316,802</u>	<u>\$ 267,787</u>	<u>\$ 49,015</u>

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

Yvonne 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
Occupational Therapy Practice
P. O. Box 4005
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 Occupational Therapy 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 Occupational Therapy Practice's basic financial statements, and have issued my report thereon dated May 18, 2018.

Internal Control Over Financial Reporting

In planning and performing my audits, I considered the North Dakota Board of Occupational Therapy Practice'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 Occupational Therapy Practice's internal control. Accordingly, I do not express an opinion on the effectiveness of the North Dakota Board of Occupational Therapy 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.



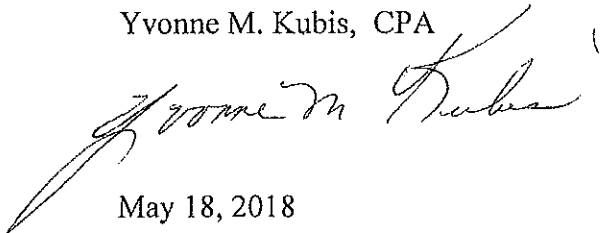
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Dakota Board of Occupational Therapy 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*.

Purpose of this Report

The purpose of this report is 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

A handwritten signature in cursive script, appearing to read "Yvonne M. Kubis", written in dark ink.

May 18, 2018

Yvonne M. Kabis
Certified
Public Accountant

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

May 18, 2018

Board of Trustees
North Dakota Board of
Occupational Therapy Practice
P O Box 4005
Bismarck, ND 58502

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Dakota Board of Occupational Therapy Practice for the years ended June 30, 2017 and 2016. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated November 6, 2017.

Significant Audit Findings

Management is responsible for the selection and use of appropriate accounting policies. No new accounting policies were adopted and the application of existing policies was not changed during 2016 and 2017. I noted no transactions entered into by North Dakota Board of Occupational Therapy Practice during the years 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 sensitive because of their significance to the financial statements. The most sensitive estimates affecting the North Dakota Board of Occupational Therapy Practice was estimating deferred revenue.

Management's estimate of deferred revenue is based on a formula using the date of license renewal or original application. I evaluated the key factors and assumptions used to develop the deferred revenue formula for estimating in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audits.



Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, which could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated May 18, 2018.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards with management prior to retention as North Dakota Board of Occupational Therapy Practice's auditor. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

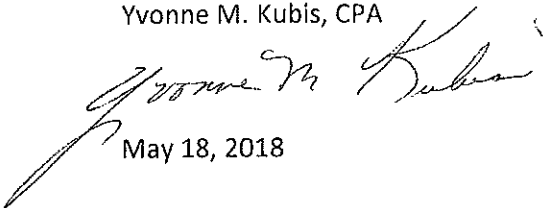
Other Matters

I applied certain limited procedures to Management Discussion and Analysis, which are required supplementary information (RSI) that supplements the basic financial statements. My procedures consisted of inquiries of management regarding 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 audits of the basic financial statements. I did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board charged with governance, management of North Dakota Board of Occupational Therapy Practice and the North Dakota Auditor's Office and is not intended to be used by anyone other than those parties with an interest in this area.

Yvonne M. Kubis, CPA



May 18, 2018