

October 19, 2018

To the Board Members and Management of the
Nevada State Board of Occupational Therapy
P.O. Box 34779
Reno, Nevada 89533

We have audited the financial statements of the governmental activities and the fund information of Nevada State Board of Occupational Therapy (Board) as of and for the years ended June 30, 2018 and 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audits. We have communicated such information in our letter to you dated February 9, 2018. Professional standards also require that we communicate to you the following information related to our audits.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018 and 2017. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- The portion of license and renewal fees deferred which pertain to future periods.
- The useful lives of capital assets and the depreciation over such periods which pertain to current and future periods.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

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 our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audits.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 19, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

With respect to the required supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board members and management of Nevada State Board of Occupational Therapy and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

KOHN & COMPANY LLP



Beth Kohn-Cole, CPA, CGMA



**NEVADA STATE BOARD OF
OCCUPATIONAL THERAPY**

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NEVADA STATE BOARD OF OCCUPATIONAL THERAPY
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JUNE 30, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of the
Nevada State Board of Occupational Therapy

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the fund information of the Nevada State Board of Occupational Therapy (the "Board") as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which 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 and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the fund information of the Nevada State Board of Occupational Therapy as of June 30, 2018 and 2017, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 17-18, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board's internal control over financial reporting and compliance.

Robert L. Long

Reno, Nevada
October 19, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS

NEVADA STATE BOARD OF OCCUPATIONAL THERAPY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017

The Board members' and management's discussion and analysis of the Nevada State Board of Occupational Therapy's (the "Board") financial condition and activities for the fiscal years ended June 30, 2018 and 2017 is presented in conjunction with the audited financial statements.

Financial Highlights

- Program revenue for the fiscal years ended June 30, 2018 and 2017 was approximately \$272,000 and \$241,000, respectively, which represents continued increases in licensees each year.
- Investment income increased with improvements in interest rates earned.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents the Board members' and management's examination and analysis of the Board's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Board's strategic plan, budget, and other management tools were used for this analysis.

The Board uses the modified accrual basis of accounting for internal financial statement reporting. The financial statements have been prepared in accordance with generally accepted accounting principles as they apply to governmental units. The financial statements include a balance sheet, a statement of revenues, expenditures budget and actual, and changes in fund balance, and notes to the financial statements.

The Statement of Net Position and Governmental Fund Balance Sheet present the financial position of the Board on both the modified accrual basis under the general fund and the full accrual basis as net position. This statement provides information on the Board's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net assets are one indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Net Position and Governmental Fund Balance Sheet provide information about the nature and amount of resources and obligations at year-end. The Statement of Activities and Governmental Fund Revenue, Expenditures and Changes in Fund Balance presents the results of the activities over the course of the fiscal year and information as to how the fund balance and net assets changed during the year. The fund balance changes under the modified accrual method when revenue is received or the expenditure is made, while changes in net position under the full accrual method are recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Board's recovery of its costs.

The notes to financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

The financial statements were prepared from the detailed books and records of the Board. The financial statements were audited during the independent external audit process.

Financial Analysis

The basic financial statements, as well as the required supplementary information, the Statement of Revenue and Expenditures – Budget and Actual, serve as the key financial data for the Board members' and management's monitoring and planning. Comments regarding budget-to-actual variances and year-to-year variances are included in the following Results of Operations by the name of the statement or account.

Statement of Net Position

The Board's net position remains strong at year-end with adequate liquid assets to fulfill its responsibilities. The Board members and management believe the current financial condition and staff capabilities are sufficient to meet anticipated operating expenses and operational objectives.

NEVADA STATE BOARD OF OCCUPATIONAL THERAPY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2018 AND 2017

Statement of Activities

Revenue: The program revenue received by the Board is generated through the application, renewal and licensure fees of occupational therapists and occupational therapy assistants. Total revenue received by the Board for the fiscal year ended June 30, 2018 was \$271,743 representing an increase of \$30,594 over the fiscal year ended June 30, 2017.

Expenses: Operating expenses for the fiscal year ended June 30, 2018 were \$249,993 representing a increase from the fiscal year ended June 30, 2017 of \$25,193. Primary changes in expenses are from to increases in licensing software costs.

General Fund Budgetary Highlights

Total revenue was higher than the amount budgeted amount by \$26,790 and \$17,944 for the year ended June 30, 2018 and 2017, respectively.

Total expenses were higher than the budgeted amounts by \$4,879 for the year ended June 30, 2018. The area in which the expenses were higher than budget are salaries and related benefits and expenses were lower than budgeted was primarily in the area of out-of-state travel.

For the year ended June 30, 2017, total expenses were less than budgeted amounts by \$12,332 due primarily to licensing software costs and out of state travel.

Economic Factors and Next Year's Budget

The Board is charged with, and given statutory authority to provide, public protection through the licensure and regulation of occupational therapists and occupational therapy assistants. The Board provides direction of staff actions toward its mission of public protection through licensure and disciplinary measures.

Effective July 1, 2018, the Board modified the fees to licensees by charging for a biennial basis as opposed to an annual fee. No changes occurred in the amount, only the time period in which the fee relates.

Through the Board members' and management's review of the annual budget and monthly income and expense statements, it is expected that these tools will continue to provide the Board with sufficient long and short-term planning information.

NEVADA STATE BOARD OF OCCUPATIONAL THERAPY
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
CONDENSED STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	2018 Actual Government- Wide	2017 Actual Government- Wide
ASSETS		
Cash and cash equivalents	\$ 873,752	\$ 850,715
Accounts receivable and prepaid expenses	14,374	4,595
Capital assets, net of accumulated depreciation	1,001	1,956
Total assets	<u>889,127</u>	<u>857,266</u>
LIABILITIES		
Accounts payable and other accrued liabilities	15,892	13,014
License fees received in advance	160,552	162,964
Total liabilities	<u>176,444</u>	<u>175,978</u>
NET POSITION		
Invested in capital assets, net of related debt	1,001	1,956
Unrestricted	<u>711,682</u>	<u>679,332</u>
Total net position	<u>\$ 712,683</u>	<u>\$ 681,288</u>

NEVADA STATE BOARD OF OCCUPATIONAL THERAPY
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
CONDENSED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018 Actual Government- Wide	2017 Actual Government- Wide
EXPENSES		
Operations	\$ 109,075	\$ 104,332
Personnel	138,423	115,941
Travel	2,495	4,527
Total expenses	<u>249,993</u>	<u>224,800</u>
PROGRAM REVENUE		
Licensing fees (charges for services)	220,013	198,661
Other fees	51,730	42,488
Total program revenue	<u>271,743</u>	<u>241,149</u>
GENERAL REVENUE		
Investment income	2,772	1,033
Sub-lease income	6,873	6,037
	<u>9,645</u>	<u>7,070</u>
Total revenue	<u>281,388</u>	<u>248,219</u>
Change in net position	31,395	23,419
NET POSITION		
Beginning of year	<u>681,288</u>	<u>657,869</u>
End of year	<u>\$ 712,683</u>	<u>\$ 681,288</u>

BASIC FINANCIAL STATEMENTS

NEVADA STATE BOARD OF OCCUPATIONAL THERAPY
STATEMENTS OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEETS
JUNE 30, 2018 AND 2017

	2018			2017		
	General Fund	Adjustments (Note 4)	Statement of Net Position	General Fund	Adjustments (Note 4)	Statement of Net Position
ASSETS						
Cash and cash equivalents	\$ 873,752	\$ -	\$ 873,752	\$ 850,715	\$ -	\$ 850,715
Accounts receivable	4,046	-	4,046	127	-	127
Prepaid expenses	10,328	-	10,328	4,468	-	4,468
Capital assets, net of accumulated depreciation	-	1,001	1,001	-	1,956	1,956
Total assets	<u>\$ 888,126</u>	<u>1,001</u>	<u>\$ 889,127</u>	<u>\$ 855,310</u>	<u>1,956</u>	<u>\$ 857,266</u>
LIABILITIES						
Accounts payable and payroll liabilities	\$ 2,496	-	2,496	\$ 3,055	-	3,055
Accrued leave	5,544	7,852	13,396	1,879	8,080	9,959
License fees received in advance	160,552	-	160,552	162,964	-	162,964
Total liabilities	<u>168,592</u>	<u>7,852</u>	<u>176,444</u>	<u>167,898</u>	<u>8,080</u>	<u>175,978</u>
FUND BALANCE / NET POSITION						
Fund balance						
Nonspendable	10,328	(10,328)	-	4,468	(4,468)	-
Unassigned	709,206	(709,206)	-	682,944	(682,944)	-
	<u>719,534</u>	<u>(719,534)</u>	<u>-</u>	<u>687,412</u>	<u>(687,412)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 888,126</u>		<u>\$ -</u>	<u>\$ 855,310</u>		
Net position						
Invested in capital assets		1,001	1,001		1,956	1,956
Unrestricted		711,682	711,682		679,332	679,332
Total net position		<u>\$ 712,683</u>	<u>\$ 712,683</u>		<u>\$ 681,288</u>	<u>\$ 681,288</u>

NEVADA STATE BOARD OF OCCUPATIONAL THERAPY
STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018		2017	
	General Fund	Adjustments (Note 4)	General Fund	Adjustments (Note 4)
Statement of Activities				
EXPENDITURES/EXPENSES				
Board operations	\$ 249,266	\$ 727	\$ 249,993	\$ 6,857
Capital outlay	-	-	-	-
Total expenditures/				
expenses	249,266	727	249,993	6,857
			217,943	224,800
PROGRAM REVENUE				
Charges for services	271,743	-	271,743	241,149
Net program revenue	22,477	(727)	21,750	(6,857)
			241,149	241,149
			23,206	16,349
GENERAL REVENUE				
Sub-lease income	6,873	-	6,873	-
Investment income	2,772	-	2,772	-
	9,645	-	9,645	-
			7,070	7,070
Excess of revenue over expenditures	32,122	(32,122)	-	(30,276)
Change in net position	-	31,395	31,395	23,419
			-	23,419
FUND BALANCE / NET POSITION				
Beginning of year	687,412	(6,124)	681,288	733
			657,136	657,869
End of year	\$ 719,534	\$ (6,851)	\$ 712,683	\$ (6,124)
			687,412	681,288

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

NEVADA STATE BOARD OF OCCUPATIONAL THERAPY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Nevada State Board of Occupational Therapy (the Board) is regulated by the Nevada Revised Statutes Chapter 640A, which also specifies the authorized activities of the Board. It is the licensing and regulatory agency for the practice of occupational therapy in the state of Nevada. The Board was created to examine and pass upon the qualifications of the applicants for licensure, to license qualified applicants, to revoke or suspend certificates and to collect all fees and make disbursements.

The financial statements of the Board have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies.

Reporting Entity

Effective July 1, 2001, Chapter 353 of the Nevada Revised Statutes (NRS) was amended to exempt certain professional and occupational boards from the state budget act and the provisions governing the administration of state funding. The provisions of Chapter 353 do not apply to boards created pursuant to chapters 623 to 625A, inclusive, 628, 630 to 640A inclusive, 641 to 644 inclusive, 654 and 656 of the NRS and the officers and employees thereof. Accordingly, the Board's budgeting and accounting practices and procedures have been removed from the oversight of the Department of Administration.

The Board's financial statements are not included in the financial statements of the State of Nevada since the State does not exercise financial or administrative control over the Board. This is in conformance with GASB codification Section 2100, *Defining the Government Reporting Entity*.

Basis of Presentation

The Board is defined as a single-program special-purpose entity under GASB Statement No. 14, paragraph 131 as amended by GASB Statement No. 39. This classification allows for the preparation of GASB 34 financial statements under an optional reporting method which combines the fund and government-wide statements into a single presentation. Under standard GASB 34 methodology, the government-wide statement of net assets and statement of activities are presented independently from the respective fund balance sheet and statement of revenues, expenditures, and fund balance. A reconciliation of adjustments provided on the modified financial statements demonstrates the changes from the fund financial statements to the government-wide financial statements in order to assist the reader in evaluating these statements. The Board has utilized this optional method of presentation.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, requires the Board to apply all applicable GASB pronouncements and, unless they conflict with or contradict GASB pronouncements all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989. Accordingly, the Board has not applied FASB pronouncements issued after that date.

Fund Accounting

The general fund of the Board is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures to be used solely for the Board's benefit. The net position of the general fund are restricted solely to be used by the Board to meet its obligation of licensing and regulating occupational therapists and occupational therapy assistants in the state of Nevada.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

NEVADA STATE BOARD OF OCCUPATIONAL THERAPY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Board has only governmental fund types.

Budget Data

The Board prepares an annual budget. The budget is prepared on a basis similar to generally accepted accounting principles under the modified accrual basis of accounting. All annual appropriations lapse at fiscal year-end.

Cash and Cash Equivalents

Cash is maintained in one commercial bank in Reno, Nevada with certificates of deposits being invested by the bank in different entities to ensure FDIC insurance requirements are met. The Board is also covered by the collateral pool for the state of Nevada.

Time certificates of deposit are stated at fair value. The net increase (decrease) in the fair value of the investments is the difference between the cost (if purchased during the fiscal year) or the fair value of the investments at the beginning of the year, and the fair value of the investments at the end of the year. Changes in fair value of the certificates are reflected, together with interest income, as investment income in the accompanying financial statements. By statutes, all cash must be deposited in entities that are located in the state of Nevada.

Capital Assets

Capital assets, which include furniture, fixtures, and equipment, are reported in the net position column in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$500 and an estimated useful life of at least one year. Such assets are recorded at historical cost. Donated assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred. Capital assets are depreciated using the straight-line method over three to seven years.

Under the modified accrual basis of accounting, acquisitions are considered expenditures in the year purchased.

Licensing and Deferred Revenue

Licensing revenue includes fees for applications, renewal, and licensure.

The Board administers its licensure on an annual basis from July to June. Deferred revenue represents revenue for the next annual renewal period that was collected during the renewal period of April to June.

Fund Equity and Net Position

In the governmental fund financial statement, fund balances are classified as follows:

Nonspendable - represents amounts that are either not in a spendable form or are legally or contractually required to remain intact. The Board includes fund balances that have been prepaid for expenses and deposits on hand in this category.

NEVADA STATE BOARD OF OCCUPATIONAL THERAPY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity and Net Position (Continued)

Restricted – represents amounts which can be spent only for specific purposes because of state or federal laws, or externally imposed conditions. The Board has no restricted fund balances.

Committed – represents amounts which can be used only for specific purposes determined by the members of the governing Board's formal action through a resolution or action. The Board has no committed funds.

Assigned - represents amounts that are intended by the Board for specific purposes but do not require action by the governing Board. The Board has no assigned funds.

Unassigned – represents all amounts not included in spendable classifications.

The Board's policy is to first apply expenditures against non-spendable fund balances and then unassigned balances. On an annual basis, assigned fund balances are determined based upon available resources.

Equity is classified as net position and displayed in the three following components, as applicable:

- Net invested in capital assets – consists of capital assets, net of accumulated depreciation and any related debt.
- Restricted net position – consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – net position that is neither classified as "invested in capital assets" nor as "restricted."

Subsequent Events

Subsequent events have been evaluated through October 19, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

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.

NOTE 2 - CAPITAL ASSETS

The Board's capital assets activity during the year is as follows:

	<u>2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>2018</u>
<u>Capital assets being</u>				
<u>depreciated</u>				
Office furniture and equipment	\$ 12,121	\$ -	\$ -	\$ 12,121
<u>Less accumulated</u>				
<u>depreciation</u>				
Office furniture and equipment	\$ 10,165	955	-	11,120
Total capital assets, being depreciated, net	\$ 1,956	\$ (955)	\$ -	\$ 1,001

NEVADA STATE BOARD OF OCCUPATIONAL THERAPY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE 2 - CAPITAL ASSETS (Continued)

	<u>2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>2017</u>
<u>Capital assets being depreciated</u>				
Office furniture and equipment	\$ 12,121	\$ -	\$ -	\$ 12,121
<u>Less accumulated depreciation</u>				
Office furniture and equipment	\$ 8,722	1,443	-	10,165
Total capital assets, being depreciated, net	\$ 3,399	\$ (1,443)	\$ -	\$ 1,956

NOTE 3 - COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

The Board conformed to all significant statutory constraints on its financial administration during the fiscal year.

NOTE 4 - CONVERSION TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Adjustments on the face of the financial statements were made to the fund balance sheets and statements of revenue, expenditures, and changes in fund balance in order to reconcile the fund financial statements to the government-wide statements of net assets and activities. For the year ended June 30, 2018, these adjustments detail the effect of the capitalization of fixed assets of \$12,121, accumulated depreciation of \$11,120, accrued leave of \$7,852, and depreciation expense of \$955. For the year ended June 30, 2017, these adjustments detail the effect of the capitalization of fixed assets of \$12,121, accumulated depreciation of \$10,165, accrued leave of \$8,080 and depreciation expense of \$1,443.

NOTE 5 - OPERATING LEASE OBLIGATIONS

The Board currently leases office space in Reno under an agreement commencing August 1, 2014 and expiring July 31, 2019. The lease initially required monthly payments of \$1,900 with annual monthly increases of \$50 per year.

The Board subleases to the Board of Examiners for Audiology and Speech Pathology a portion of the office space based upon the square footage used by the other entity and a cost allocation method. The Board also leases space to the Board of Registered Environmental Health at a nominal cost.

The Board leases a copier at a monthly rate of \$114 for 60 months that expires June 30, 2019.

The following is a schedule of future minimum rental payments, net of the estimated sublease income:

<u>Year Ending June 30</u>	
2019	\$ 20,481
2020	1,900

REQUIRED SUPPLEMENTARY INFORMATION

NEVADA STATE BOARD OF OCCUPATIONAL THERAPY
STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018			2017
	Original and Final Budget	Actual Amounts Budgetary Basis	Variance to Final Budget Favorable (Unfavorable)	Actual (Memorandum Only)
REVENUE				
Fees				
License fees	\$ 198,350	\$ 220,013	\$ 21,663	\$ 198,661
Other fees	43,175	51,730	8,555	42,488
Sub-lease income	6,873	6,873	-	6,037
Investment income	6,200	2,772	(3,428)	1,033
Total revenue	<u>254,598</u>	<u>281,388</u>	<u>26,790</u>	<u>248,219</u>
EXPENDITURES				
Current				
Licensing software system	32,500	34,220	(1,720)	12,155
Legal fees	10,000	9,742	258	8,135
Continuing education	9,500	6,538	2,962	7,669
Credit card and bank fees	4,500	4,260	240	3,954
Dues	-	-	-	225
Equipment rental	2,200	1,668	532	1,912
Maintenance and repairs	350	262	88	232
Meeting expenses	3,000	3,064	(64)	1,131
Office supplies	2,500	2,415	85	1,894
Postage and delivery	1,000	1,058	(58)	460
Printing and reproduction	500	200	300	-
Professional fees	8,000	8,861	(861)	17,112
Accounting and audit fees	1,950	1,800	150	9,800
Insurance	2,000	1,307	693	1,410
IT technical support	6,300	6,284	16	5,547
Telephone	1,500	1,689	(189)	1,094
Travel				
Out of state	5,000	-	5,000	-
In state	4,500	2,495	2,005	4,527
Office lease	25,200	24,980	220	24,705
Salaries and related benefits	123,887	138,423	(14,536)	115,941
Temporary personnel	-	-	-	40
Total current expenditures	<u>244,387</u>	<u>249,266</u>	<u>(4,879)</u>	<u>217,943</u>
Capital outlay				
Equipment and furniture	-	-	-	-
Total expenditures	<u>244,387</u>	<u>249,266</u>	<u>(4,879)</u>	<u>217,943</u>
Excess (deficiency) of revenue over (under) expenditures	\$ <u>10,211</u>	\$ <u>32,122</u>	\$ <u>21,911</u>	\$ <u>30,276</u>

See accompanying notes

NEVADA STATE BOARD OF OCCUPATIONAL THERAPY
STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017			2016
	Original and Final Budget	Actual Amounts Budgetary Basis	Variance to Final Budget Favorable (Unfavorable)	Actual (Memorandum Only)
REVENUE				
Fines and fees				
License fees	\$ 190,200	\$ 198,661	\$ 8,461	\$ 173,688
Other fees	29,875	42,488	12,613	38,325
Sub-lease income	6,600	6,037	(563)	6,382
Investment income	3,600	1,033	(2,567)	10,798
Total revenue	<u>230,275</u>	<u>248,219</u>	<u>17,944</u>	<u>229,193</u>
EXPENDITURES				
Current				
Licensing software system	21,125	12,155	8,970	6,455
Legal fees	5,500	8,135	(2,635)	6,823
Credit card and bank fees	3,500	3,954	(454)	3,376
Continuing education	9,500	7,669	1,831	6,792
Dues	-	225	(225)	225
Equipment rental	2,000	1,912	88	1,762
Maintenance and repairs	350	232	118	308
Meeting expenses	1,200	1,131	69	2,471
Office supplies	2,000	1,894	106	1,915
Postage and delivery	1,200	460	740	622
Printing and reproduction	500	-	500	201
Professional fees	18,750	17,112	1,638	4,712
Accounting and audit fees	8,400	9,800	(1,400)	1,800
Insurance	2,000	1,410	590	1,560
IT technical support	3,850	5,547	(1,697)	2,778
Telephone	1,200	1,094	106	1,157
Travel				
Out of state	5,000	-	5,000	1,299
In state	3,600	4,527	(927)	3,648
Office lease	24,200	24,705	(505)	23,350
Salaries and related benefits	116,400	115,941	459	107,964
Temporary personnel	-	40	(40)	-
Total current expenditures	<u>230,275</u>	<u>217,943</u>	<u>4,663</u>	<u>179,218</u>
Capital outlay				
Equipment and furniture	-	-	-	-
Total expenditures	<u>230,275</u>	<u>217,943</u>	<u>12,332</u>	<u>179,218</u>
Excess (deficiency) of revenue over (under) expenditures	\$ <u>-</u>	\$ <u>30,276</u>	\$ <u>30,276</u>	\$ <u>49,975</u>

See accompanying notes

REPORT ON INTERNAL CONTROL AND COMPLIANCE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of the Board
Nevada State Board of Occupational Therapy

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the fund information of the Nevada State Board of Occupational Therapy (Board), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements which collectively comprise the Nevada State Board of Occupational Therapy's basic financial statements, and have issued our report thereon dated October 19, 2018.

Internal Control Over Financial Reporting

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

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

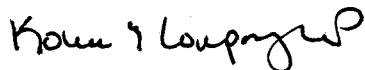
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Reno, Nevada
October 19, 2018