



Financial Statements  
June 30, 2022 and 2021  
**Nevada State Board of Occupational  
Therapy**



Independent Auditor’s Report.....	1
Management’s Discussion and Analysis .....	4
Basic Financial Statements	
Statements of Net Position and Governmental Fund Balance Sheets .....	8
Statements of Activities and Governmental Fund Revenue, Expenditures, and Changes in Fund Balances	10
Notes to Financial Statements.....	12
Required Supplementary Information	
Statements of Revenue and Expenditures – Budget and Actual.....	19
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	21



**CHRISTIANSEN**  
ACCOUNTING NETWORK

## **Independent Auditor's Report**

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

### **Opinion**

I have audited the accompanying financial statements of the governmental activities and major fund of the Nevada State Board of Occupational Therapy (Board) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nevada State Board of Occupational Therapy as of June 30, 2022 and 2021, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis of Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Board, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the Board adopted new accounting guidance, GASB Statement No. 87, *Leases*, for all periods presented. My opinion is not modified with respect to this matter.

### **Responsibility of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism through the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

### **Required Supplementary information**

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and budgetary comparison information on pages 4-7, and 19-20, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated November 5, 2022, on my consideration of the Nevada State Board of Occupational Therapy' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Nevada State Board of Occupational Therapy' 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 the Nevada State Board of Occupational Therapy' internal control over financial reporting and compliance.

*Christman Accounting Network*

Reno, Nevada  
November 5, 2022

Our discussion and analysis of the Nevada State Board of Occupational Therapy (Board) financial condition and activities for the fiscal years ended June 30, 2022 and 2021 is presented in conjunction with the audited financial statements.

### **Financial Highlights**

- Program revenue for the fiscal years ended June 30, 2022 and 2021 were approximately \$225,000 and \$213,000, respectively, which represents continued increases. However, overall revenue was less than budget each year due to slower than expected growth affected by the pandemic.
- General fund expenditures for the fiscal years ended June 30, 2022 and 2021 were approximately \$293,000 and \$269,000, respectively, which represents decreases from previous years. Overall expenses were less than budget each year.

The 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 required 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 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 Statement of Net Position and Governmental Fund Balance Sheet, a Statement of Activities and Governmental Fund Revenue, Expenditures and Changes in Fund Balance and Notes to the Financial Statements.

The Governmental Fund Balance Sheet and the Statement of Net Position 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 position are one indicator of whether the financial position of the Board is improving or deteriorating.

The Governmental Fund Balance Sheet and the Statement of Net Position provide information about the nature and amount of resources and obligations at year end. The Governmental Fund Revenue, Expenditures and Changes in Fund Balance and the Statement of Activities present the results of the activities over the course of the fiscal years and information as to how the fund balance and net position changed during each 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.

### **Statements of Net Position**

The Board's net position remains strong at each 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.

### **Statements 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 in Nevada. Total revenue received by the Board for the fiscal year ended June 30, 2022 was approximately \$12,000 more than the total revenue for the fiscal year ended June 30, 2021 due primarily to increases in other fees revenue.

**Expenses:** Operating expenses for the fiscal year ended June 30, 2022 were approximately \$25,000 more than the operating expenses for the fiscal year ended June 30, 2021 due primarily to an increase in personnel costs.

### **General Fund Budgetary Highlights**

Total revenue received was less than budget for each of the fiscal years ended June 30, 2022 and 2021 because of slower than expected growth and investment performance.

Total expenses were less than budget for each of the fiscal years ended June 30, 2022 and 2021 because of lower travel and equipment costs in 2022 and lower personnel costs in 2021.

Nevada State Board of Occupational Therapy  
Management's Discussion and Analysis  
June 30, 2022 and 2021

---

Following are summaries of the Board's Statements of Position and Statements of Activities:

<b>CONDENSED STATEMENTS OF NET POSITION</b>		
	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 696,913	\$ 698,118
Other current assets	31,219	21,511
Capital and lease assets, net	134,318	164,886
Total Assets	862,450	884,515
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	6,371	4,240
License fees received in advance	249,737	196,887
Accrued leave benefits	30,585	27,954
Long-term liabilities		
Due within one year - lease liability	28,556	26,783
Due in more than one year - lease liability	111,950	140,506
Total Liabilities	427,199	396,370
<b>NET POSITION</b>		
Net invested in capital and lease assets	(6,188)	(2,403)
Unrestricted	441,439	490,548
Total Net Position	\$ 435,251	\$ 488,145

<b>CONDENSED STATEMENTS OF ACTIVITIES</b>		
	2022	2021
<b>REVENUE</b>		
Licence fees	\$ 184,810	\$ 184,220
Other fees	46,939	36,020
Investment income (loss)	(1,438)	3,715
Other income	16,507	10,763
Total revenue	246,818	234,718
<b>EXPENDITURES AND EXPENSES</b>		
Operations	66,240	64,170
Personnel	198,248	174,804
Depreciation and amortization	30,568	30,426
Interest	4,656	5,432
Total expenditures	299,712	274,832
<b>CHANGE IN NET POSITION</b>	\$ (52,894)	\$ (40,114)

**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.

Staff continues seeking areas in which operating expenses can be reduced without jeopardizing the high level of customer service the licensees and public expect.

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  
 Statements of Net Position and Governmental Fund Balance Sheets  
 June 30, 2022 and 2021

	2022		
	General Fund	Adjustments (Note 6)	Statement of Net Position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 696,913	\$ -	\$ 696,913
Accounts receivable	239	13,473	13,712
Prepaid expenses	17,507	-	17,507
Capital assets, net of accumulated depreciation	-	1,899	1,899
Lease assets, net of accumulated amortization	-	132,419	132,419
<b>Total assets</b>	<b>714,659</b>	<b>147,791</b>	<b>862,450</b>
<b>LIABILITIES</b>			
Accounts payable and payroll liabilities	\$ 6,371	-	6,371
Licensing fees received in advance	249,737	-	249,737
Accrued leave benefits	-	30,585	30,585
Long-term liabilities			
Due within one year:			
Lease liability - current	-	28,556	28,556
Due in more than one year:			
Lease liability - noncurrent	-	111,950	111,950
<b>Total liabilities</b>	<b>256,108</b>	<b>171,091</b>	<b>427,199</b>
<b>FUND BALANCE / NET POSITION</b>			
Fund balance			
Nonspendable	17,507	(17,507)	-
Unassigned	441,044	(441,044)	-
<b>Total fund balance</b>	<b>458,551</b>	<b>(458,551)</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 714,659</b>		
Net position			
Net investment in capital and lease assets		(6,188)	(6,188)
Unrestricted		441,439	441,439
<b>Total net position</b>		<b>\$ 435,251</b>	<b>\$ 435,251</b>

Nevada State Board of Occupational Therapy  
 Statements of Net Position and Governmental Fund Balance Sheets  
 June 30, 2022 and 2021

	2021		
	General Fund	Adjustments (Note 6)	Statement of Net Position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 698,118	\$ -	\$ 698,118
Accounts receivable	1,844	7,036	8,880
Prepaid expenses	12,631	-	12,631
Capital assets, net of accumulated depreciation	-	2,485	2,485
Lease assets, net of accumulated amortization	-	162,401	162,401
<b>Total assets</b>	<b>712,593</b>	<b>171,922</b>	<b>884,515</b>
<b>LIABILITIES</b>			
Accounts payable and payroll liabilities	4,240	-	4,240
Licensing fees received in advance	196,887	-	196,887
Accrued leave benefits	-	27,954	27,954
Long-term liabilities			
Due within one year:			
Lease liability - current	-	26,783	26,783
Due in more than one year:			
Lease liability - noncurrent	-	140,506	140,506
<b>Total liabilities</b>	<b>201,127</b>	<b>195,243</b>	<b>396,370</b>
<b>FUND BALANCE / NET POSITION</b>			
Fund balance			
Nonspendable	12,631	(12,631)	-
Unassigned	498,835	(498,835)	-
<b>Total fund balance</b>	<b>511,466</b>	<b>(511,466)</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 712,593</b>		
Net position			
Net investment in capital and lease assets		(2,403)	(2,403)
Unrestricted		490,548	490,548
<b>Total net position</b>		<b>\$ 488,145</b>	<b>\$ 488,145</b>

Nevada State Board of Occupational Therapy  
Statements of Activities and Governmental Fund Revenue, Expenditures, and Changes in Fund Balances  
Years Ended June 30, 2022 and 2021

	2022	
	General Fund	Adjustments (Note 6)
		Statement of Activities
<b>Expenditures/Expenses</b>		
Board operations	\$ 293,296	\$ (28,808)
Depreciation	-	586
Amortization	-	29,982
Interest	-	4,656
Total expenditures/expenses	293,296	6,416
<b>Program Revenue</b>		
Charges for services	225,312	6,437
<b>Other Income and Expenses</b>		
Sub-lease income	10,032	-
Investment income (loss)	(1,438)	-
Other income	6,475	-
Total other income and expenses	15,069	-
Excess of Revenue Over (Under) Expenditures	(52,915)	52,915
Change in Net Position	-	(52,894)
Fund Balance/Net Position, Beginning of Year	511,466	(23,321)
Fund Balance/Net Position, End of Year	\$ 458,551	\$ (23,300)

Nevada State Board of Occupational Therapy  
 Statements of Activities and Governmental Fund Revenue, Expenditures, and Changes in Fund Balances  
 Years Ended June 30, 2022 and 2021

	2021	
	General Fund	Adjustments (Note 6)
		Statement of Activities
<b>Expenditures/Expenses</b>		
Board operations	\$ 268,979	\$ (30,005)
Depreciation	-	444
Amortization	-	29,982
Interest	-	5,432
	<u>268,979</u>	<u>5,853</u>
Total expenditures/Expenses	268,979	274,832
<b>Program Revenue</b>		
Charges for services	<u>213,204</u>	<u>7,036</u>
<b>Other Income and Expenses</b>		
Sub-lease income	5,988	-
Investment income (loss)	3,715	-
Other income	<u>4,775</u>	<u>-</u>
Total other income and expenses	<u>14,478</u>	<u>-</u>
Excess of Revenue Over (Under) Expenditures	(41,297)	41,297
Change in Net Position	-	(40,114)
Fund Balance/Net Position, Beginning of Year	<u>552,763</u>	<u>(24,504)</u>
Fund Balance/Net Position, End of Year	<u>\$ 511,466</u>	<u>\$ (23,321)</u>

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies**

The Nevada State Board of Occupational Therapy (Board) is regulated by Nevada Revised Statutes (NRS) 640A, which also specify 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 licenses and to collect all fees and make disbursements for program activities.

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 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 general-purpose 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 Financial 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, as amended by GASB 63, under an optional reporting method which combines the fund and government-wide statements into a single presentation. Under standard GASB 34 methodology, as amended, the government-wide statement of net position 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.

**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 is 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 within 60 days after year-end to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences are recorded only when payment is due.

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 includes a checking account at a commercial bank. By provision of statutes, the Board is authorized to deposit all money in banks or savings and loan associations located in the state of Nevada and must be subject to withdrawal on demand. The Board participates in the State of Nevada collateralization program to assure that funds deposited are protected.

The Board also maintains a brokerage account that includes time certificates of deposit and mutual funds stated at fair value. The net increase (decrease) in the fair value of 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 fiscal year, and the fair value of the investments at the end of the fiscal year. Changes in fair value of investments are reflected, together with interest income, as investment income (loss) in the accompanying financial statements. By statutes, all cash must be deposited in entities that are in the state of Nevada.

### **Accounts Receivable**

For the governmental fund financial statements, the accounts receivable represents fees and reimbursements collected within 60 days subsequent to year end that are an available resource for the current year.

For the government-wide financial statements the accounts receivable represents all fees and reimbursements due as of year-end. All amounts are considered collectible by management.

### **Capital Assets**

Capital assets, which include furniture and equipment are reported in the net asset 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 acquisition 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 3 to 7 years.

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

### **Compensated Absences**

It is the Board's policy to permit employees to accumulate earned but unused personal time off (PTO) benefits. No liability is reported for unpaid accumulated PTO on the general fund balance sheet as no amounts were due and payable at year end. Accumulated unused PTO leave earned as of June 30, 2022 and 2021, is reflected in the statements of net position.

### **Licensing Fees Received in Advance**

The Board's licensing period encompasses a two-year period. Licensing fees revenue is recognized ratably over the renewal period.

Licensing fees received in advance consists of the unearned portion of biennial license renewal fees collected prior to June 30, 2022 and 2021 that are applicable to future periods.

### **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 in this category.
- 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 nonspendable classifications.

The Board's policy is to first apply expenditures against restricted or nonspendable fund balances. In instances where an unrestricted fund balance type could be used, it is the Board's policy to first apply expenditures against committed fund balances, if present. On an annual basis, when applicable, assigned fund balances are determined based upon available resources.

In the government-wide financial statements, net position is classified as follows:

- Net investment in capital and lease assets – consists of capital and lease assets, net of accumulated depreciation, amortization, 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 and lease assets” nor as “restricted.”

The Board's policy is to first apply expenditures to restricted net position when an expenditure is incurred for which both restricted and unrestricted net position are available.

#### **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.

#### **New Accounting Pronouncement**

During the year ended June 30, 2022, the Board adopted the provisions of GASB Statement No. 87, Leases (GASBS 87). The objective of this statement is to better meet the information needs of financial statement users by improving the accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement a lessee is required to recognize a lease liability and an intangible right-to-use asset thereby enhancing the relevance and consistency of information about governments' leasing activities. The Board applied GASB Statement No. 87 retrospectively for all prior periods presented, as required under the statement.

#### **Subsequent Events**

Subsequent events have been evaluated through November 5, 2022, which is the date the financial statements were available to be issued. The Board continues to monitor the effects of the COVID-19 pandemic on its operations. However, the full impact of the pandemic related circumstances on the Board's operations and financial position are not known and cannot be determined.

**Note 2 - Capital and Lease Assets**

The Board has custodial responsibility to the State of Nevada for furniture, fixtures and equipment acquired with resources of the Board. The capital asset activity during the years is as follows:

	2022			
	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated				
None	\$ -	\$ -	\$ -	\$ -
Capital and lease assets being depreciated or amortized:				
Office equipment and furniture	15,050	-	-	15,050
Lease asset	192,383	-	-	192,383
Less accumulated depreciation and amortization	(42,547)	(30,568)	-	(73,115)
Total capital and lease assets, net	\$ 164,886	\$ (30,568)	\$ -	\$ 134,318
	2021			
	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated				
None	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated				
Office equipment and furniture	12,121	2,929	-	15,050
Lease asset, restated	192,383	-	-	192,383
Less accumulated depreciation				
Office equipment and furniture	(12,121)	(30,426)	-	(42,547)
Total capital and lease assets, net	\$ 192,383	\$ (27,497)	\$ -	\$ 164,886

The Board currently leases office space in Reno, Nevada under an agreement effective through November 30, 2026. The lease initially required monthly payments of \$2,500 with annual increases of 3% per year. Following is a summary of the remaining minimum payments:

Years Ending June 30,	Principle	Interest	Total
2023	\$ 28,556	\$ 3,828	\$ 32,384
2024	30,412	2,946	\$ 33,358
2025	32,349	2,007	\$ 34,356
2026	34,376	1,009	\$ 35,385
2027	14,813	111	\$ 14,924
	\$ 140,506	\$ 9,901	\$ 150,407

The Board subleases a portion of its office space to the Speech-Language Pathology, Audiology, and Hearing Aid Dispensing Board, the Board of Environmental Health, Board of Athletic Trainers, and Applied Behavior Analyst Board. Sublease income totaled \$10,032 and \$5,988 for the years ended June 30, 2022 and 2021, respectively.

**Note 3 - Long-term Obligations Activity**

Following is a summary of the change in long-term lease obligations:

	<u>Balance July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>	<u>Current Portion</u>
Office lease	<u>\$ 167,289</u>	<u>\$ -</u>	<u>\$ (26,783)</u>	<u>\$ 140,506</u>	<u>\$ 28,556</u>
	<u>Balance July 1, 2020 (Restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>
Office lease	<u>\$ 192,383</u>	<u>\$ -</u>	<u>\$ (25,094)</u>	<u>\$ 167,289</u>	<u>\$ 26,783</u>

**Note 4 - Retirement Benefits**

The Board does not currently participate in the Public Employees Retirement System (PERS); however, it may elect to be a participating employer in the future. If the Board elects to be a participating employer in PERS, the Board will be required to participate for the life of the Board.

Employees may elect to make pre-tax contributions to the Nevada Deferred Compensation Program (Program) a qualified 457(b) plan. The Board may make contributions to the Program on behalf of employees who have worked for twelve consecutive months or more at an amount to be determined at the Board's discretion. For the fiscal years ended June 30, 2022 and 2021, the Board's employer contributions totaled \$15,108 and \$12,177, respectively.

**Note 5 - Compliance with Nevada Revised Statutes and Nevada Administrative Code**

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

**Note 6 - 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 balances in order to reconcile the fund financial statements to the government-wide statements of net position and activities. The adjustments include the following:

	2022	2021
Fund Balance - Total Governmental Funds	\$ 458,551	\$ 511,466
<b>Assets</b>		
Current assets:		
Accounts receivable beyond 60 days	13,473	7,036
Capital assets, net of accumulated depreciation	1,899	2,485
Lease assets, net of accumulated amortization	132,419	162,401
<b>Liabilities</b>		
Compensated absences	(30,585)	(27,954)
Lease liability	(140,506)	(167,289)
Net Position	\$ 435,251	\$ 488,145
Excess of Revenue Over (Under) Expenditures	\$ (52,915)	\$ (41,297)
<b>Expenditures/Expenses</b>		
Equipment capitalized	-	2,929
Lease expense	31,439	30,525
Change in accrued leave benefits	(2,632)	(3,449)
Depreciation	(585)	(444)
Amortization or lease asset	(29,982)	(29,982)
Interest expense on lease liability	(4,656)	(5,432)
<b>Revenue</b>		
Accounts receivable beyond 60 days	6,437	7,036
Change in Net Position	\$ (52,894)	\$ (40,114)

**Note 7 - Adoption of GASB Statement No. 87, Leases**

As discussed in Note 1 the Board adopted the provisions of GASBS No. 87, *Leases*. Under this standard, leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation or, if applied to earlier periods, the beginning of the earliest period restated. Accordingly, the July 1, 2020 statement of position was restated to reflect lease asset and liability balances in the amount of \$192,383.



Required Supplementary Information  
June 30, 2022 and 2021

**Nevada State Board of Occupational  
Therapy**



Nevada State Board of Occupational Therapy  
Statements of Revenue and Expenditures – Budget and Actual  
Years Ended June 30, 2022 and 2021

	2022		
	Original and Final Budget	Actual Amounts Budgetary Basis	Variance - Favorable (Unfavorable)
<b>Revenue</b>			
Fines and fees			
License fees	\$ 210,743	\$ 184,810	\$ (25,933)
Other fees	30,000	40,502	10,502
Sub-lease income	10,033	10,032	(1)
Investment income (loss)	3,000	(1,438)	(4,438)
Other income	4,750	6,475	1,725
Total revenue	<u>258,526</u>	<u>240,381</u>	<u>(18,145)</u>
<b>Expenditures</b>			
Personnel services			
Salaries and wages	162,922	162,219	703
Payroll taxes	13,947	13,902	45
Employee benefits	19,392	19,495	(103)
Travel	4,500	-	4,500
Operating			
Accounting and audit fees	3,000	3,000	-
Attorney General - legal fees	11,000	15,975	(4,975)
Board education	2,500	725	1,775
Credit card and bank fees	5,500	5,659	(159)
Dues and subscriptions	2,300	2,146	154
Equipment	5,100	2,951	2,149
Information technology	2,500	405	2,095
Insurance	1,100	1,534	(434)
Legislative services	24,000	22,000	2,000
Licensing software subscription	8,850	7,600	1,250
Meeting expenses	500	75	425
Office expenses	4,470	3,981	489
Office lease	32,125	31,441	684
Office supplies	600	188	412
Total expenditures	<u>304,306</u>	<u>293,296</u>	<u>11,010</u>
Excess of Revenue over Expenses	<u>\$ (45,780)</u>	<u>\$ (52,915)</u>	<u>\$ (7,135)</u>

Nevada State Board of Occupational Therapy  
Statements of Revenue and Expenditures – Budget and Actual  
Years Ended June 30, 2022 and 2021

	2021		
	Original and Final Budget	Actual Amounts Budgetary Basis	Variance - Favorable (Unfavorable)
<b>Revenue</b>			
Fines and fees			
License fees	\$ 201,594	\$ 184,220	\$ (17,374)
Other fees	30,000	28,984	(1,016)
Sub-lease income	9,083	5,988	(3,095)
Investment income (loss)	6,200	3,715	(2,485)
Other income	6,000	4,775	(1,225)
Total revenue	<u>252,877</u>	<u>227,682</u>	<u>(25,195)</u>
<b>Expenditures</b>			
Personnel services			
Salaries and wages	157,347	141,680	15,667
Payroll taxes	13,463	12,177	1,286
Employee benefits	18,644	17,498	1,146
Travel	500	-	500
Operating			
Accounting and audit fees	11,000	11,000	-
Attorney General - legal fees	12,000	6,066	5,934
Board education	-	475	(475)
Credit card and bank fees	4,752	5,065	(313)
Dues and subscriptions	-	571	(571)
Equipment	5,600	4,956	644
Information technology	2,000	125	1,875
Insurance	1,500	965	535
Legislative services	24,000	24,000	-
Licensing software subscription	10,200	8,486	1,714
Meeting expenses	500	-	500
Office expenses	6,010	3,174	2,836
Office lease	31,225	30,830	395
Office supplies	2,000	1,911	89
Total expenditures	<u>300,741</u>	<u>268,979</u>	<u>31,762</u>
Excess of Revenue over Expenses	<u>\$ (47,864)</u>	<u>\$ (41,297)</u>	<u>\$ 6,567</u>



**Independent Auditor's 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  
Nevada State Board of Occupational Therapy  
Reno, Nevada

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 Nevada State Board of Occupational Therapy (Board), as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the Nevada State Board of Occupational Therapy' basic financial statements, and have issued my report thereon dated November 5, 2022.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Nevada State Board of Occupational Therapy' internal control over financial reporting (internal control) 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 the Nevada State Board of Occupational Therapy' internal control. Accordingly, I do not express an opinion on the effectiveness of the Boards' 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. Given these limitations, during my audits I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Nevada State Board of Occupational Therapy financial statements are free from 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 audit, 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 *Government 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.

*Christerson Accounting Network*

Reno, Nevada  
November 5, 2022