

NORTH CAROLINA ACUPUNCTURE LICENSING BOARD

**Financial Statements for the
Years Ended June 30, 2022 and 2021 and
Independent Auditor's Report**

NORTH CAROLINA ACUPUNCTURE LICENSING BOARD

Financial Statements for the Years Ended June 30, 2022 and 2021 and Independent Auditor's Report

BOARD MEMBERS (2021-2022)

Lissa Juedemann, L.AC, Chairperson

Toni Rittenberg, L.AC, Secretary-Treasurer

Gilda Hunt, L.AC

Keli Beck Jones, M.D.

Emmylou "Junie" Norfleet, L.AC

Lauren Puckett

Ben Townsend, L.AC

Ji Fei Wang, L.AC

Jane Pippinger, Public Member

EXECUTIVE OFFICERS

Pat Pritchard, Executive Director

LEGAL COUNSEL

Michael J. Tadych
Stevens, Martin, Vaughn & Tadych, PLLC

NORTH CAROLINA ACUPUNCTURE LICENSING BOARD

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NORTH CAROLINA ACUPUNCTURE LICENSING BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the years ended June 30, 2022 and 2021. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2022, the Board's net position increased by \$13,298, or 36.41%, due primarily to annual recurrence of revenues exceeding expenses. During 2021, the Board's net position increased by \$142,095, or 79.55%, due primarily to an increase in revenue from donations.

During 2022, the operating revenues of the Board decreased by \$125,761, or 50.56%, due primarily to a decrease in revenues from donations. During 2021, the operating revenues of the Board increased by \$124,816, or 100.73%, due primarily to an increase in revenues from donations.

During 2022, the Board had no non-operating revenues due to the fact that the Board closed its money market account during the fiscal year ended June 30, 2020. During 2021, the Board had no non-operating revenues which was a decrease of \$1, or 100.00%, due to the fact that the Board closed its money market account during the fiscal year ended June 30, 2020.

During 2022, the operating expenses of the Board increased by \$3,036, or 2.85%, due primarily to an increase in insurance expense. During 2021, the operating expenses of the Board decreased by \$8,393, or 7.30%, due primarily to a decrease in insurance expense and contractual management services expense.

Overview of the Financial Statements

This financial report consists of two sections: Management's Discussion and Analysis and the Financial Statements. The Board has no other supplementary information required by the Governmental Accounting Standards Board (GASB). The Financial Statements also include notes to the financial statements that provide detail of the information included in the financial statements.

The financial statements of the Board report information about the Board using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about the activities of the Board.

The Statements of Net Position present the current and long-term portions of assets and liabilities separately.

The Statements of Revenues, Expenses, and Changes in Net Position present information on how the Board's assets changed as a result of its operations.

The Statements of Cash Flows present information on how the Board's cash changed as a result of its financial activities.

NORTH CAROLINA ACUPUNCTURE LICENSING BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Financial Information

The following presents condensed financial information on the operations of the Board:

	Current Year as of and for the year ended June 30, 2022	Prior Year as of and for the year ended June 30, 2021
Current assets	\$ 78,743	\$ 77,644
Total assets	<u>\$ 78,743</u>	<u>\$ 77,644</u>
Current liabilities	\$ 101,972	\$ 114,171
Total liabilities	<u>\$ 101,972</u>	<u>\$ 114,171</u>
Unrestricted	\$ (23,229)	\$ (36,527)
Total net position	<u>\$ (23,229)</u>	<u>\$ (36,527)</u>
Operating revenues	\$ 122,970	\$ 248,731
Operating expenses	(109,672)	(106,636)
Operating income	<u>\$ 13,298</u>	<u>\$ 142,095</u>
Change in net position	<u>\$ 13,298</u>	<u>\$ 142,095</u>

NORTH CAROLINA ACUPUNCTURE LICENSING BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

Net position is an indicator of the fiscal health of the Board. Liabilities exceeded assets by \$23,229 for the year ended June 30, 2022. Liabilities exceeded assets by \$36,527 for the year ended June 30, 2021. Current assets consist of cash and cash equivalents, and prepaid expense. The Board owns no capital assets. Current liabilities consist of accounts payable due within twelve months after year end, and unearned revenue. Net position consists of unrestricted net assets. The following is a summary of the Statements of Net Position.

	Current Year as of June 30, 2022	Prior Year as of June 30, 2021	Amount of Change	Percentage Change
Current assets	\$ 78,743	\$ 77,644	\$ 1,099	1.42%
Total assets	<u>\$ 78,743</u>	<u>\$ 77,644</u>	<u>\$ 1,099</u>	<u>1.42%</u>
Current liabilities	\$ (101,972)	\$ (114,171)	\$ 12,199	-10.68%
Total liabilities	<u>\$ (101,972)</u>	<u>\$ (114,171)</u>	<u>\$ 12,199</u>	<u>-10.68%</u>
Unrestricted	\$ (23,229)	\$ (36,527)	\$ 13,298	36.41%
Total net position	<u>\$ (23,229)</u>	<u>\$ (36,527)</u>	<u>\$ 13,298</u>	<u>36.41%</u>

The following is a summary of the Statements of Revenues, Expenses, and Changes in Net Position. Further discussion of this is included in the preceding section entitled "Financial Highlights."

	The year ended June 30, 2022	The year ended June 30, 2021	Amount of Change	Percentage Change
Operating revenues	\$ 122,970	\$ 248,731	\$ (125,761)	-50.56%
Operating expenses	(109,672)	(106,636)	(3,036)	2.85%
Change in net position	<u>\$ 13,298</u>	<u>\$ 142,095</u>	<u>\$ (128,797)</u>	<u>-90.64%</u>
Ending net position	<u>\$ (23,229)</u>	<u>\$ (36,527)</u>	<u>\$ 13,298</u>	<u>36.41%</u>

NORTH CAROLINA ACUPUNCTURE LICENSING BOARD

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following is a breakdown of operating revenues by source. Further discussion of this is included in the preceding section entitled “Financial Highlights.”

	The year ended June 30, 2022	The year ended June 30, 2021	Amount of Change	Percentage Change
Revenues from fees	\$ 121,770	\$ 135,020	\$ (13,250)	-9.81%
Revenue from donations	-	112,776	(112,776)	-100.00%
Other income	1,200	935	265	28.34%
Total	<u>\$ 122,970</u>	<u>\$ 248,731</u>	<u>\$ (125,761)</u>	<u>-50.56%</u>

Events Affecting Future Operations

The Board was involved in litigation concerning the use of a procedure called “dry needling” and it incurred significant legal expense during the years ended June 30, 2019, 2018, 2017, 2016 and 2015 concerning this matter. This lawsuit has concluded and the Board should incur no significant further legal expenses concerning this matter. Because of this, the Board believes that it is able to recover financially from its cash flow problems which resulted from this lawsuit.

The Board is not aware of any other significant events that may affect future operations of the Board which are reportable pursuant to GASB reporting requirements.

Contacting the Board’s Management

This financial report is designed to provide a general overview of the Board’s finances and to demonstrate the Board’s accountability for the money it receives. If you have any questions about this report or need additional information, contact: North Carolina Acupuncture Licensing Board, PO Box 10686, Raleigh, NC 27605.

Hawley, C.P.A., P.A.
Certified Public Accountant

Suite B1
800 N. Raleigh St.
P.O. Box 1545
Angier, North Carolina 27501-1545

Telephone: (919) 639-4825
Facsimile: (919) 639-3102

INDEPENDENT AUDITOR'S REPORT

Members of the Board
North Carolina Acupuncture Licensing Board
Raleigh, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the North Carolina Acupuncture Licensing Board (Board), an independent state board which is a nonmajor enterprise fund of the primary government of the State of North Carolina, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the North Carolina Acupuncture Licensing Board as of June 30, 2022 and 2021, and the results of its operations, changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Board's management is responsible for the preparation and fair presentation of the 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 one year after the date that the financial statements are issued.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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 GAAS 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 a 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout 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 our 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.

We are 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 we identified during the audit.

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads "Hawley, C.P.A., P.A." The signature is written in a cursive, slightly slanted style.

Hawley, C.P.A., P.A.

Angier, North Carolina

October 24, 2022

NORTH CAROLINA ACUPUNCTURE LICENSING BOARD
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	June 30, 2022	June 30, 2021
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 59,902	\$ 68,223
Prepaid expense (Note 1)	18,841	9,421
Total current assets	78,743	77,644
 TOTAL ASSETS	 \$ 78,743	 \$ 77,644
 LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable (Note 3)	\$ 6,198	\$ 18,609
Unearned revenue (Note 1)	95,774	95,562
Total current liabilities	101,972	114,171
 TOTAL LIABILITIES	 101,972	 114,171
 NET POSITION (NOTE 1)		
Unrestricted net position	(23,229)	(36,527)
TOTAL NET POSITION	(23,229)	(36,527)
 TOTAL LIABILITIES AND NET POSITION	 \$ 78,743	 \$ 77,644

See notes to financial statements.

NORTH CAROLINA ACUPUNCTURE LICENSING BOARD
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Fees, licenses, and fines:		
Revenue from fees	\$ 121,770	\$ 135,020
Other revenues:		
Revenue from donations-restricted (Note 7)		112,776
Other income	1,200	935
Total operating revenues	<u>\$ 122,970</u>	<u>\$ 248,731</u>
OPERATING EXPENSES:		
Personal services (and board members expenses):		
Board members expenses (including meeting expenses)	\$ 2,190	\$ 1,651
Supplies and materials:		
Office, printing, and postage expenses	906	733
Services:		
Contractual management services (Note 4)	30,000	30,000
Website expenses	19	18
Legal and audit fees (Note 4)	48,295	48,295
Commercial insurance	28,262	25,939
Total operating expenses	<u>\$ 109,672</u>	<u>\$ 106,636</u>
Operating income (loss)	<u>\$ 13,298</u>	<u>\$ 142,095</u>
Change in net position	<u>\$ 13,298</u>	<u>\$ 142,095</u>
Net position - beginning of year	<u>(36,527)</u>	<u>(178,622)</u>
Net position - end of year	<u><u>\$ (23,229)</u></u>	<u><u>\$ (36,527)</u></u>

See notes to financial statements.

NORTH CAROLINA ACUPUNCTURE LICENSING BOARD
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees and other income	\$ 123,182	\$ 261,455
Cash payments for operating expenses	(131,503)	(244,122)
Net cash provided (used) by operating activities	\$ (8,321)	\$ 17,333
Net increase(decrease) in cash	\$ (8,321)	\$ 17,333
Cash - beginning of year	68,223	50,890
Cash - end of year	<u>\$ 59,902</u>	<u>\$ 68,223</u>
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income (loss)	<u>\$ 13,298</u>	<u>\$ 142,095</u>
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Changes in assets and liabilities:		
Prepaid expense	\$ (9,420)	\$ (2,323)
Accounts payable	(12,411)	(135,163)
Unearned revenue	212	12,724
Total adjustments	\$ (21,619)	\$ (124,762)
Net cash provided (used) by operating activities	<u>\$ (8,321)</u>	<u>\$ 17,333</u>

See notes to financial statements.

NORTH CAROLINA ACUPUNCTURE LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina Acupuncture Licensing Board (the "Board") is an independent state board. It is an occupational licensing board and is authorized by Chapter 90 of the North Carolina General Statutes. The Board is composed of nine members who are appointed by the Governor and the General Assembly of the State of North Carolina. It is a nonmajor enterprise fund of the primary government of the State of North Carolina and is reported as such in the State's Annual Comprehensive Financial Report (ACFR).

The Board is established to maintain minimum standards for services provided by acupuncturists.

The Board's operations are financed with self-generated revenues from fees charged to licensees.

Financial Reporting Entity

The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The accompanying financial statements present all funds and activities for which the Board is responsible.

For financial reporting purposes, the Board is a nonmajor enterprise fund of the primary government of the State of North Carolina and is reported as such in the State's Annual Comprehensive Financial Report (ACFR). These financial statements for the Board are separate and apart from those of the State of North Carolina and do not present the financial position of the State nor changes in the State's financial position and cash flows.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

NORTH CAROLINA ACUPUNCTURE LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Basis of Accounting

The basic financial statements of the Board are prepared using the economic resource measurement focus and the accrual basis of accounting. The economic resource measurement focus measures all assets that are available to the entity, not only cash or soon to be assets. Both long-term assets and long-term liabilities are measured and depreciation is recorded as a cost of operations. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of cash flows. Fees received for the various licenses are deemed earned when the license period begins.

The Statements of Revenues, Expenses, and Changes in Net Position classifies the Board's revenues as operating or non-operating revenues. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenues consist primarily of license fees and includes activities that have characteristics of exchange transactions. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Nonoperating revenues and expenses consist of those revenues and expenses that are related to investing, capital, and non-capital financing activities; and are classified as non-operating in the financial statements.

Cash and Cash Equivalents

This classification includes undeposited receipts, petty cash, checking accounts and time deposits (excluding certain certificates of deposit, if any) held by the Board.

Prepaid Expense

This classification includes expenses which were prepaid at year end for commercial insurance.

Unearned Revenue

The Board's license renewal fees are assessed and collected on a biennial basis (for a period of two years) which coincides with the Board's fiscal year end. License fees received in the latter part of each fiscal year are deferred and recognized as revenue over the periods to which they relate.

NORTH CAROLINA ACUPUNCTURE LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Net Position

Investment in capital assets - This component of net position consists of total investment in capital assets (net of accumulated depreciation) and reduced by outstanding liabilities (if any) related to those capital assets. The Board owned no capital assets at June 30, 2022 and 2021.

Restricted net position - This component of net position consists of net position which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external parties. The Board had no restricted net position at June 30, 2022 and 2021.

Unrestricted net position - This component of net position consists of net position that does not meet the definition of *restricted or investment in capital assets*.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Deposits

Deposits

All of the Board's deposits which are uninsured are uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)] by the financial institution holding said deposits. For deposits, custodial credit risk is the risk that in the event of the failure of the depository (or counterparty), the Board will not be able to recover the value of its deposits that are in the possession of the outside party. The Board does not have formal written policies regarding custodial credit risk for deposits.

At June 30, 2022, the Board's deposits had a carrying amount of \$59,902 and a bank balance of \$69,323, which was covered by federal depository insurance. At June 30, 2021, the Board's deposits had a carrying amount of \$68,223 and a bank balance of \$80,851, which was covered by federal depository insurance.

NORTH CAROLINA ACUPUNCTURE LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

Note 3 - Accounts Payable

Accounts payable consists of amounts due to vendors in the ordinary operations of the Board. Accounts payable due in the ordinary operations of the Board which are due to other state agencies (if any) are reported separately.

Accounts payable, by type, at June 30, 2022 and 2021 were as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Due to Vendors	\$ 6,198	\$ 18,609
Due to Other State Agencies	-	-
Total Accounts Payable	<u>\$ 6,198</u>	<u>\$ 18,609</u>

Note 4 - Contractual Management Services and Related Party Information

The Board does not have any employees. The Board contracted with a legal firm to perform the management services of the Board. The legal firm is also the general legal counsel for the Board. The management services contract with the legal firm includes all services related to the process of licensure applications and renewals, and various other management and administrative duties. The Board also reimburses the legal firm who performs the management services for occasional purchases of miscellaneous office supplies and expenses. Payments to the legal firm for management services (including expense reimbursements) totaled \$32,190 during the fiscal year ended June 30, 2022 and \$31,561 during the fiscal year ended June 30, 2021. Payments to the legal firm (which also performs the management services of the Board) for legal services (including expense reimbursements, if any) totaled \$42,000 during the fiscal year ended June 30, 2022 and \$42,000 during the fiscal year ended June 30, 2021.

Note 5 - Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled by participation in certain state-administered risk programs and self retention of certain risks. Additionally, the Board protects itself from exposure to potential loss through the purchase of limited commercial insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior year, and no insurance claims were filed during the last three fiscal years.

Note 6 - Contingencies

The Board is involved in occasional disciplinary hearings throughout the year which arise in the ordinary course of its operations. In the opinion of management of the Board, the results of such actions during the years under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the years herein ended.

NORTH CAROLINA ACUPUNCTURE LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

Note 7 - Government Conditions

The Board had an increase in net position of \$13,298 for the year ended June 30, 2022 and an increase in net position of \$142,095 for the year ended June 30, 2021, but had significant losses in the several preceding years. The Board's accumulated deficit was \$23,229 for the year ended June 30, 2022 and \$36,527 for the year ended June 30, 2021. The Board incurred substantial legal fees with two law firms during the year ended June 30, 2019 (and preceding years) such that the Board's liabilities exceeded its assets for several years. The Board received donations to fund its incurrence of significant legal expenses during the fiscal year ended June 30, 2021 (and preceding years). These revenues are recorded as restricted revenues on the Statements of Revenues, Expenses, and Changes in Net Position. During the fiscal year ended June 30, 2016, the Board made arrangements with these law firm vendors to defer payments. During the fiscal year ended June 30, 2021, the Board made arrangements with the law firm to satisfy the deferred account payable/long term liability with a final payment (in full) of \$40,000. Management of the Board believes that it will have subsequent years with increases in net position. Additionally, the Board believes that future increases in net position will enable it to meet its obligations for at least twelve months from the date of these financial statements. Debt incurred related to the "dry needling" lawsuit has accumulated this net position deficit. That lawsuit concerning "dry needling" has concluded.

Note 8 - Changes in Financial Accounting and Reporting

For the fiscal year ended June 30, 2022, the Board implemented GASB Statement No. 98, The Annual Comprehensive Financial Report.

This Statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

Note 9 - Subsequent Events

Subsequent events have been evaluated through October 24, 2022, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

This audit required 65 audit hours at a cost of \$6,295.