

**NORTH CAROLINA ADDICTIONS SPECIALIST  
PROFESSIONAL PRACTICE BOARD**

Financial Statements

Year Ended June 30, 2022

**NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD**  
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**NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD**  
**Management's Discussion and Analysis**  
**June 30, 2022**

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

**Financial Highlights**

- During the year ended June 30, 2022, the Board's net position decrease by \$95,136 or 6.5%, due to the Board's non-operating expenses exceeding its operating income.
- During the year ended June 30, 2022, the operating revenues of the Board increased by \$8,040 or 0.9% due to an increase in license renewal revenue.
- During the year ended June 30, 2022, the non-operating expenses of the Board increased by \$265,121 or 158.5%, due to a significant increase in unrealized losses on investments.
- During the year ended June 30, 2022, the operating expenses of the Board increased by \$42,091 or 5.2%, which was due to an increase in credentialing database management fees and administrative consulting services fee.

**Overview of the Basic Financial Statements**

The financial report consists of two sections: Management's Discussion and Analysis and the Financial Statement. The Board has no other supplementary information required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The financial statements also include notes to the financial statements that provide detail of the information included in the financial statements.

**Basic Financial Statements**

The financial statement of the Board report information about the Board using accounting methods similar to those used by private sector companies.

The Statement of Net Position presents the current and long-term portions, if any, of assets and liabilities separately.

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

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

**NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD**  
**Management's Discussion and Analysis**  
**June 30, 2022**

**Condensed Financial Information**

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

|                                      | <u>June 30, 2022</u> | <u>June 30, 2021</u> | <u>Amount of<br/>Change</u> |
|--------------------------------------|----------------------|----------------------|-----------------------------|
| Current Assets                       | \$ 1,347,386         | \$ 1,475,982         | \$ (128,596)                |
| Total Assets                         | <u>\$ 1,347,386</u>  | <u>\$ 1,475,982</u>  | <u>\$ (128,596)</u>         |
| Current Liabilities                  | \$ 28,279            | \$ 14,656            | \$ 13,623                   |
| Total Liabilities                    | <u>\$ 28,279</u>     | <u>\$ 14,656</u>     | <u>\$ 13,623</u>            |
| Unrestricted net position            | \$ 1,319,107         | \$ 1,461,326         | \$ (142,219)                |
| Total Net position                   | <u>\$ 1,319,107</u>  | <u>\$ 1,461,326</u>  | <u>\$ (142,219)</u>         |
| Operating revenues                   | \$ 856,507           | \$ 848,467           | \$ 8,040                    |
| Operating expenses                   | <u>(853,839)</u>     | <u>(811,748)</u>     | <u>(42,091)</u>             |
|                                      | 2,668                | 36,719               | (34,051)                    |
| Non-operating revenues<br>(expenses) | <u>(97,804)</u>      | <u>167,317</u>       | <u>(265,121)</u>            |
| Change in net position               | <u>\$ (95,136)</u>   | <u>\$ 204,036</u>    | <u>\$ (299,172)</u>         |

**Events Affecting Future Operations**

A committee appointed by the North Carolina Legislature, The Joint Legislative Administrative Procedure Oversight Committee, has been performing a study concerning the deregulation, elimination and consolidation of occupational licensing boards in the State of North Carolina. The effect of any resulting legislation on the Board's operations in future years is not certain at this time.

**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 received and expends. If you have any questions about this report or need additional information, contact:

North Carolina Addictions Specialist Professional Practice Board  
P.O. Box 10126  
Raleigh, North Carolina 27605.

## **Independent Auditors' Report**

To the Board of Directors  
North Carolina Addictions Specialist Professional Practice Board  
Raleigh, North Carolina

### **Opinion**

We have audited the accompanying financial statements of the North Carolina Addictions Specialist Professional Practice Board (the Board), which comprise the statement of net position as of June 30, 2022, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year ended June 30, 2022, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 2022, and the changes in financial position and its cash flows for the year ended June 30, 2022, 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. Our responsibilities under those standards are further described in the Auditors' 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**

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 controls. 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.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-2 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 the 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 inquires 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.

*RH CPA's, PLLC*

Lexington, North Carolina  
March 7, 2023

**NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD**

**Statement of Net Position**

**Year Ended June 30, 2022**

**ASSETS**

Current assets:

|                           |                            |
|---------------------------|----------------------------|
| Cash and cash equivalents | \$ 363,061                 |
| Investments               | <u>984,325</u>             |
| Total assets              | <u><u>\$ 1,347,386</u></u> |

**LIABILITIES AND NET POSITION**

Current liabilities:

|                           |                  |
|---------------------------|------------------|
| Accounts payable          | <u>\$ 28,279</u> |
| Total current liabilities | <u>28,279</u>    |

Net position:

|                                    |                            |
|------------------------------------|----------------------------|
| Unrestricted                       | <u>1,319,107</u>           |
| Total unrestricted net position    | <u>1,319,107</u>           |
| Total liabilities and net position | <u><u>\$ 1,347,386</u></u> |

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



**NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD****Statement of Revenues, Expenses, and Changes in Net Position****Year Ended June 30, 2022**

|  |                            |
|--|----------------------------|
| Operating revenues:                                  |                            |
| License and exam fees                                | \$ 800,066                 |
| Criminal background fees                             | 55,341                     |
| Other operating income                               | 1,100                      |
| Total operating revenues                             | <u>856,507</u>             |
| Operating expenses:                                  |                            |
| Administrative services                              | 445,000                    |
| Bank service charges                                 | 510                        |
| Meeting expense                                      | 636                        |
| Credit card processing fees                          | 28,701                     |
| Criminal background expense                          | 51,794                     |
| Consultants  | 15,000                     |
| Database management fees                             | 49,780                     |
| Dues and memberships                                 | 16,195                     |
| Exam fee   | 101,780                    |
| Office supplies and expense                          | 13,067                     |
| Postage  | 6,734                      |
| Professional fees                                    | 120,191                    |
| Telephone expense                                    | 1,630                      |
| Storage  | 2,037                      |
| Others   | 784                        |
| Total operating expenses                             | <u>853,839</u>             |
| Operating income                                     | <u>2,668</u>               |
| Non-operating revenue (expenses):                    |                            |
| Interest and dividends                               | 24,673                     |
| Capital gain distribution                            | 15,556                     |
| Net realized and unrealized loss on investments      | (125,708)                  |
| Bond amortization                                    | (2,893)                    |
| Investment fees                                      | (9,432)                    |
| Total non-operating expenses                         | <u>(97,804)</u>            |
| Change in net position                               | (95,136)                   |
| Total net position, beginning as previously reported | 1,461,326                  |
| Prior period adjustment                              | (47,083)                   |
| Total net position, beginning as restated            | <u>1,414,243</u>           |
| Total net position, ending                           | <u><u>\$ 1,319,107</u></u> |

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

**NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD****Statements of Cash Flows****Year Ended June 30, 2022**

## Cash flows from operating activities:

|  |                  |
|--|------------------|
| Cash received from fees and other operating income | \$ 856,507       |
| Cash paid for operating expenses                   | <u>(840,216)</u> |
| Net cash flows provided from operating activities  | <u>16,291</u>    |

## Cash flows from investing activities:

|                                       |                 |
|---------------------------------------|-----------------|
| Purchase of investments               | (204,114)       |
| Proceeds from sale of investments     | 146,059         |
| Investment fees                       | (9,432)         |
| Interest and dividends                | 24,673          |
| Capital gain distribution             | <u>15,556</u>   |
| Net cash used by investing activities | <u>(27,258)</u> |

Net decrease in cash and cash equivalents (10,967)

Cash and cash equivalents, beginning of year 374,028

Cash and cash equivalents, end of year \$ 363,061

## Reconciliation of operating income

to net cash flows provided from operating activities:

Operating income \$ 2,668

Adjustments to reconcile increase in net position

to net cash provided from operating activities:

Cash provided from change in:

Accounts payable 13,623

Net cash provided from operating activities \$ 16,291

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

# **NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD**

## **Notes to the Financial Statements**

**June 30, 2022**

### **NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Nature of Organization

North Carolina Addictions Specialist Professional Practice Board (the Board) is an independent state agency. 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, in which some are appointed by the Governor and the North Carolina General Assembly. 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 addiction specialist professionals.

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

#### Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) 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; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or the change in net assets is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

#### 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 non-major 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 Accounting

The financial statements have been prepared using the accrual basis of accounting. 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 the cash flows. The Board classifies its revenues and expenses as operating and non-operating in the accompanying statements of revenues, expenses, and changes in net position. Operating revenues include activities that have characteristics of exchange transactions and consist primarily of application and license renewal fees. Non-operating revenues include activities that have characteristics of non-exchange transactions and consist primarily of investing type activities.

# **NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD**

## **Notes to the Financial Statements**

**June 30, 2022**

### **NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Cash and Cash Equivalents

The Board considers all short-term investments with an original maturity of three months or less to be cash equivalents. The cash classification includes cash with banks, balance in bill.com money and cash in PayPal merchant account. These funds are considered cash equivalents since they are immediately available for expenditures.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for depreciation. Actual results could differ from those estimates.

#### Investments

The Board is authorized to invest idle funds in accordance with North Carolina General Statutes. This classification consists of mutual funds, common and preferred stocks, and corporate bonds held by the Board for investment. Investments are stated at fair value with the change in fair value during the period, is recorded in statement of revenues, expenses and changes in net position. Realized investment gains and losses are included as non-operating income/expense.

#### Revenue Recognition

The Board's license fees are assessed and collected every two years, which begins with each respective licensee's license inception date, and ends on each respective licensee's subsequent second-year anniversary date. License renewal fees are recognized as revenue in the period received and are not deferred and recognized as revenue over the periods to which they relate. This revenue recognition method reasonably reflects the income of the Board.

### **NOTE 2 – DEPOSITS**

At June 30, 2022, the Board's deposits had a carrying amount of \$363,061 and a bank balance of \$364,975, which was covered by federal depository insurance to the extent of the \$250,000 per depositor FDIC limit. The Board has not adopted a formal policy regarding custodial credit risk for deposits.

### **NOTE 3 – NET POSITION**

All net positions of the Board are classified as follows:

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 the restrictions imposed by external parties. As of June 30, 2022, the Board had no restricted net position.

Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation. As of June 30, 2022, the Board had no investment in capital assets.

Unrestricted net position – This component of net position consists of net positions that do not meet the definition of restricted or net investment in capital assets.

# NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD

## Notes to the Financial Statements

June 30, 2022

### NOTE 4 – 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 state-administered risk programs and self-retention of certain risks. The Board protects itself from exposure to loss through the purchase of commercial insurance coverage. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

### NOTE 5 – INVESTMENTS

The fair value of financial instruments is measured according to a fair value hierarchy which reflects the significance of market inputs in the valuation. The hierarchy is described and discussed below.

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2      Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement. No level 3 inputs were used.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Board's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following table sets forth by level, within the fair value hierarchy, the Board's financial assets accounted for at fair value on a recurring basis as of June 30, 2022:

|                  | Level 1           | Level 2           | Level 3     | Total             |
|------------------|-------------------|-------------------|-------------|-------------------|
| Common stocks    | \$ 287,375        | \$ -              | \$ -        | \$ 287,375        |
| Mutual funds     | 315,907           | -                 | -           | 315,907           |
| Preferred stocks | -                 | 79,472            | -           | 79,472            |
| Corporate bonds  | -                 | 301,571           | -           | 301,571           |
|                  | <u>\$ 603,282</u> | <u>\$ 381,043</u> | <u>\$ -</u> | <u>\$ 984,325</u> |

There have been no changes in valuation techniques and related inputs during the year.

# NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD

## Notes to the Financial Statements

June 30, 2022

### NOTE 5 – INVESTMENTS (Continued)

The Board is subject to the following risks:

Credit risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. Investments of the Board are subject to the statutory requirements of North Carolina General Statutes, however the Board's present policy for managing credit risk is to limit its investments to mutual funds, common and preferred stocks, and corporate bonds.

The Securities Investor Protection Corporation (SIPC) is a nonprofit member corporation funded by its member securities broker-dealers. The SIPC insures against the loss or theft of securities as well as the failure or insolvency of the brokerage firm. At June 30 2022, the Board owned investments that exceeded the SIPC limit of \$500,000 by \$484,325.

Interest rate risk – Interest rate risk is the risk the Board may face should interest rate variances affect the fair value of investments. As a means of limiting its exposure to fair value losses arising from market fluctuations and interest rate variances, the Board limits its investments to mutual funds, common and preferred stocks, and corporate bonds.

The following table presents the fair value of investments by type and investment subject to interest rate risk and credit risk at June 30 2022, for the Board's investments:

|                  | Cost              | Unrealized<br>Gains | Unrealized<br>Losses | Fair Value        |
|------------------|-------------------|---------------------|----------------------|-------------------|
| Investments      |                   |                     |                      |                   |
| Common stocks    | \$ 239,024        | \$ 52,995           | \$ (4,644)           | \$ 287,375        |
| Mutual funds     | 271,507           | 53,160              | (8,760)              | 315,907           |
| Preferred stocks | 98,957            | -                   | (19,485)             | 79,472            |
| Corporate bonds  | 306,304           | -                   | (4,733)              | 301,571           |
|                  | <u>\$ 915,792</u> | <u>\$ 106,155</u>   | <u>\$ (37,622)</u>   | <u>\$ 984,325</u> |

The maturities of the Board's fixed income investments as of June 30, 2022 were as follows:

Maturities:

|             |            |
|-------------|------------|
| 0 - 5 years | \$ 301,571 |
|-------------|------------|

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2022 the Board's bond portfolio had the following credit ratings as rated by Moody's Investors Service:

Credit ratings:

|      |                   |
|------|-------------------|
| AAA  | \$ 187,296        |
| BAA1 | 57,787            |
| BAA2 | 56,488            |
|      | <u>\$ 301,571</u> |

# **NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD**

## **Notes to the Financial Statements**

**June 30, 2022**

### **NOTE 5 – INVESTMENTS (Continued)**

Concentration of credit risk – A diversified portfolio is managed by the Board and its financial advisors to minimize the risk of loss resulting from over concentration of assets; however, the Board places no limit on the amount the Board may invest in any one issuer. The following investments make up more than 5% of total investments:

|  | Book Value<br>at 06/30/2022 | % of total<br>investments |
|--|-----------------------------|---------------------------|
| Corporate bonds:                           |                             |                           |
| US Treasury Note                           | 69,847                      | 7%                        |
| Microsoft Corporation                      | 59,404                      | 6%                        |
| Verizon Communication Inc.                 | 57,787                      | 6%                        |
| Apple Inc.                                 | 58,045                      | 6%                        |
| Walgreens Boots Alliance                   | 56,488                      | 6%                        |
| Mutual funds:                              |                             |                           |
| Brown Advisory Sustainable Growth Fund     | 73,079                      | 7%                        |
| Pax International Sustainable Economy Fund | 59,181                      | 6%                        |

### **NOTE 6 – CONTRACTUAL MANAGEMENT SERVICES**

The Board does not have any employees. The Board has an annual contract with a company located in Raleigh, North Carolina to provide administrative services. The contract includes all services related to the process of the license application, license renewal, testing, and various other duties. The Board also reimburses the management company for miscellaneous office supplies and expenses. The amount paid under the contract during the year ended June 30, 2022, was \$445,000.

The Board has another annual contract with a company located in Raleigh, North Carolina to provide legislative monitoring services. The amount paid under the contract during the year ended June 30, 2022, was \$15,000.

### **NOTE 7 – 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 year under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the year herein ended.

### **NOTE 8 – INCOME TAXES**

The Board was created pursuant to North Carolina General Statutes to carry out an essential government function; therefore, it is considered exempt from State and federal income tax laws under Internal Revenue Code Section 115, and is not required to file annual tax returns.

### **NOTE 9 – RESTATEMENTS**

#### Prior Period Adjustment

During the year ended June 30, 2022, the Board determined that prepaid expenses were incorrectly capitalized on the statement of net position. Therefore, an adjustment to beginning net position has been recorded to recognize those expenses, the net effect of which decreased beginning net position by \$47,083.

**NORTH CAROLINA ADDICTIONS SPECIALIST PROFESSIONAL PRACTICE BOARD**

**Notes to the Financial Statements**

**June 30, 2022**

**NOTE 10 – DATE OF MANAGEMENT’S REVIEW**

The Board has evaluated events and transactions that occurred subsequent to March 7, 2023, which is the date the financial statements were available to be issued. There were no recognized subsequent events requiring disclosure.

**NOTE 11 – NORTH CAROLINA LEGISLATIVE STATUTORY DISCLOSURE REQUIREMENT CONCERNING AUDIT FEES**

The audit was conducted in approximately 134 hours at a cost of \$10,000.