

**NORTH DAKOTA BOARD OF PHYSICAL THERAPY
GRAFTON, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
North Dakota Board of Physical Therapy
Grafton, North Dakota

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and the major fund of the North Dakota Board of Physical Therapy as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the major fund of North Dakota Board of Physical Therapy as of June 30, 2020 and 2019, and the respective changes in modified cash basis financial position for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

For the year beginning July 1, 2018, the Board adopted the modified cash basis of accounting, as described in Note 1. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2021 on our consideration of North Dakota Board of Physical Therapy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the North Dakota Board of Physical Therapy's 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 North Dakota Board of Physical Therapy's internal control over financial reporting and compliance.



BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

February 11, 2021

NORTH DAKOTA BOARD OF PHYSICAL THERAPY
STATEMENTS OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2020 AND 2019

	Governmental Activities	
	2020	2019
<u>ASSETS</u>		
Cash	\$ 147,883	\$ 212,353
Certificates of deposit	319,582	313,322
Capital assets:		
Fixed assets	65,738	65,332
Less: accumulated depreciation	(64,817)	(65,332)
Total Assets	<u>468,386</u>	<u>525,675</u>
<u>NET POSITION</u>		
Net investment in capital assets	921	-
Unrestricted	<u>467,465</u>	<u>525,675</u>
Total Net Position	<u>\$ 468,386</u>	<u>\$ 525,675</u>

See Notes to the Financial Statements

NORTH DAKOTA BOARD OF PHYSICAL THERAPY
STATEMENTS OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	Governmental Activities	
	2020	2019
Program Expenses:		
Administration Assistant	\$ 9,977	\$ 11,304
Audit	650	3,800
Complaint Reviews	1,538	-
Computer Consulting	13,105	13,145
Computer Equipment	5,767	1,146
Executive Officer	17,993	16,692
Federal/Clear Dues	2,677	2,399
Insurance	250	250
In State Travel, Meeting, Meals	3,217	3,067
Legal Fees	18,994	12,000
Miscellaneous Expenses	9,278	10,425
Office Supplies	822	829
Phone/Fax	1,144	1,727
Postage	2,367	1,015
Printing	2,745	809
Out of State Travel	3,234	-
Payroll Taxes	1,320	828
Depreciation	48	158
Total Program Expenses	<u>95,126</u>	<u>79,594</u>
Program Revenues:		
Licenses Fees	<u>30,446</u>	<u>130,633</u>
Total Program Revenues	<u>30,446</u>	<u>130,633</u>
Net Revenues and Changes in Net Position	<u>(64,680)</u>	<u>51,039</u>
General Revenues/(Expenses):		
Interest Income	6,261	2,504
Miscellaneous	<u>1,131</u>	<u>-</u>
Total General Revenues	<u>7,392</u>	<u>2,504</u>
Change in Net Position	(57,289)	53,543
Net Position-Beginning	<u>525,675</u>	<u>472,132</u>
Net Position-Ending	<u>\$ 468,386</u>	<u>\$ 525,675</u>

See Notes to the Financial Statements

NORTH DAKOTA BOARD OF PHYSICAL THERAPY
BALANCE SHEETS – GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
JUNE 30, 2020 AND 2019

	General Fund	
	2020	2019
<u>ASSETS</u>		
Cash	\$ 147,883	\$ 212,353
Certificates of deposit	<u>319,582</u>	<u>313,322</u>
Total assets	<u>\$ 467,465</u>	<u>\$ 525,675</u>
 <u>FUND BALANCE</u>		
Fund balances		
Assigned	\$ 179,909	\$ 176,111
Unassigned	<u>287,556</u>	<u>349,564</u>
Total fund balances	<u>\$ 467,465</u>	<u>\$ 525,675</u>

See Notes to the Financial Statements

NORTH DAKOTA BOARD OF PHYSICAL THERAPY
RECONCILIATION OF THE BALANCE SHEETS TO THE
STATEMENTS OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2020 AND 2019

	2020	2019
Total fund balances - governmental funds	\$ 467,465	\$ 525,675
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Fixed assets	65,738	65,332
Less: accumulated depreciation	<u>(64,817)</u>	<u>(65,332)</u>
	<u>921</u>	<u>-</u>
Total net position - governmental activities	<u>\$ 468,386</u>	<u>\$ 525,675</u>

See Notes to the Financial Statements

NORTH DAKOTA BOARD OF PHYSICAL THERAPY
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	General Fund	
	2020	2019
REVENUES:		
License Fees	\$ 30,446	\$ 130,633
Interest Income	6,261	2,504
Miscellaneous	1,131	-
Total Revenue	<u>37,837</u>	<u>133,137</u>
EXPENDITURES:		
Administration Assistant	9,977	11,304
Audit	650	3,800
Complaint Reviews	1,538	-
Computer Consulting	13,105	13,145
Computer Equipment	6,736	1,146
Executive Officer	17,993	16,692
Federation/Clear Dues	2,677	2,399
Insurance	250	250
In State Travel, Meeting, Meals	3,217	3,067
Legal Fees	18,994	12,000
Miscellaneous Expenses	9,278	10,425
Office Supplies	822	829
Out of State Travel	3,234	-
Phone/Fax	1,144	1,727
Postage	2,367	1,015
Printing	2,745	809
Payroll Taxes	1,320	828
Total Expenditures	<u>96,047</u>	<u>79,436</u>
Excess of Revenues Over Expenditures	(58,210)	53,701
Net Change in Fund Balance	(58,210)	53,701
FUND BALANCE, BEGINNING OF YEAR	<u>525,675</u>	<u>471,974</u>
FUND BALANCE, END OF YEAR	<u>\$ 467,465</u>	<u>\$ 525,675</u>

See Notes to the Financial Statements

NORTH DAKOTA BOARD OF PHYSICAL THERAPY
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENTS OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Total net change in fund balances - governmental funds	\$ (58,210)	\$ 53,701
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlays	969	-
Depreciation expense	<u>(48)</u>	<u>(158)</u>
Change in net position - governmental activities	<u>\$ (57,289)</u>	<u>\$ 53,543</u>

See Notes to the Financial Statements

NORTH DAKOTA BOARD OF PHYSICAL THERAPY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The North Dakota Board of Physical Therapy, located in Grafton, North Dakota was organized as a governmental organization. The Board's purpose is to serve as a licensing and regulatory board for licensed and certified physical therapists and physical therapist assistants practicing within the State of North Dakota. The Board accomplishes their purpose by licensing physical therapists and physical therapist assistants, enforcing the physical therapist laws and regulations and responding to consumer complaints.

Reporting Entity

The Board, in accordance with *Government Auditing Standards* has developed criteria to determine whether outside agencies with activities which benefit the Board should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Board exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service and special financing relationships. The Board has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the Board's financial statements.

Basis of Presentation

The Board adopted the modified cash basis of accounting for the year beginning July 1, 2018, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This did not impact beginning fund balance or net position. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting entity taken as a whole. They include all funds of the reporting entity.

Fund Financial Statements

Fund financial statements of the Board are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund balance, revenues and expenditures.

An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the Board or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of an individual fund are at least 10 percent of the corresponding total for all funds of that type, AND
2. Total assets, liabilities, revenues or expenditures/expenses of the individual fund are at least 5% of the corresponding total for the total of all governmental and enterprise funds combined.

NORTH DAKOTA BOARD OF PHYSICAL THERAPY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

The Board only uses one fund described below:

Governmental Funds

General Fund

This fund is the general operating fund of the Board. It accounts for all financial resources except those requiring to be accounted for in another fund. Currently, the Board accounts for all of its activities in the general fund.

Measurement Focus and Basis of Accounting

Measurement Focus

Measurement focus is a term used to describe “how” transactions are recorded within various financial statements.

Government-wide financial statements: In the government-wide Statement of Net Position and the Statement of Activities, the government-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

Fund financial statements: In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate.

- a. All governmental funds utilize a “current financial resources” measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

The basis of accounting determines “when” transactions are recorded regardless of the measurement focus applied.

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using a modified cash basis of accounting. This basis recognizes assets, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for capital assets and related depreciation and long-term debt in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

NORTH DAKOTA BOARD OF PHYSICAL THERAPY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

If the Board utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Cash and Cash Equivalents

The Board considers demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less to be cash and cash equivalents.

Capital Assets

Capital assets are capitalized at cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the Governmental-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives of three to five years.

Net Position/Fund Balance

The difference between assets and liabilities is "Net Position" on the government wide financial statements and "Fund Balance" on the governmental fund financial statements.

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance represents a portion of fund balance that includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance represents a portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority which is the Board through a resolution.

Assigned fund balance represents amounts constrained by the government's intent to be used for specific purposes, but neither restricted nor committed. The assigned amounts are determined by the Board.

Unassigned fund balance represents residual classification for the general fund. This classification represents fund balance not assigned to other funds and not restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it would be necessary to report a negative unassigned fund balance.

NORTH DAKOTA BOARD OF PHYSICAL THERAPY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

The first priority is to utilizing the restricted before unrestricted fund balance when both are available. Committed funds will be considered spent first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classification could be used like assigned or unassigned.

Encumbrances

Encumbrances, which represent commitments related to unperformed contracts for goods or services, have not been recorded in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

NOTE 2 CASH AND CERTIFICATES OF DEPOSIT

A. Cash

The Board's funds are required to be deposited and invested with the designated depositories in accordance with the laws of North Dakota. North Dakota laws require all public deposits be protected by insurance, surety bond, or collateral pledged by the financial institution. Pledged collateral must equal 110% of the deposits not covered by insurance or bonds. For the year ended June 30, 2020, the Board was under collateralized by \$71,543.

B. Certificates of Deposit

Interest Rate Risk

The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

North Dakota laws restrict allowable investments for public funds in order to safeguard the principle on investments. North Dakota law authorizes political subdivisions to invest surplus funds in:

1. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured to guarantee by, the treasury of the United States, or its agencies, instrumentalities or organizations created by an act of Congress.
2. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
3. Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation or the state.
4. Obligation of the state.

NORTH DAKOTA BOARD OF PHYSICAL THERAPY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 3 CAPITAL ASSETS

Capital asset activity for the fiscal years ended June 30, 2020 and 2019 was as follows:

	<u>Balance 6-30-19</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6-30-20</u>
Governmental Activities				
Furniture, Computers and Database	\$ 65,332	\$ 969	\$ (563)	\$ 65,738
Accumulated Depreciation	(65,332)	(48)	563	(64,817)
Net Capital Assets	<u>\$ -</u>	<u>\$ 921</u>	<u>\$ -</u>	<u>\$ 921</u>

	<u>Balance 6-30-18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6-30-19</u>
Governmental Activities				
Furniture, Computers and Database	\$ 65,332	\$ -	\$ -	\$ 65,332
Accumulated Depreciation	(65,174)	(158)	-	(65,332)
Net Capital Assets	<u>\$ 158</u>	<u>\$ (158)</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Management believes the current coverage is adequate. The errors and omissions insurance are provided through the State of North Dakota Risk Management Fund.

NOTE 5 FUND BALANCE

The Board has assigned a portion of its fund balance to be used for future operations. The Board has designated two certificates of deposit to represent the assigned fund balance.

NOTE 6 SUBSEQUENT EVENTS

No significant events occurred subsequent to the Board's year end. Subsequent events have been evaluated through February 11, 2021, the date which the financial statements were available to be issued.

**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**

The Board of Directors
North Dakota Board of Physical Therapy
Grafton, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the North Dakota Board of Physical Therapy as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the North Dakota Board of Physical Therapy's basic financial statements and have issued our report thereon dated February 11, 2021.

Internal Control Over Financial Reporting

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

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

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

weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The North Dakota Board of Physical Therapy's Response to Findings

The North Dakota Board of Physical Therapy's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. North Dakota Board of Physical Therapy's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of 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.



BRADY, MARTZ AND ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

February 11, 2021

NORTH DAKOTA BOARD OF PHYSICAL THERAPY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Control Deficiency 2020-001

Criteria:

An organization should design an internal control system to achieve an adequate segregation of duties within a significant account or process.

Condition:

A proper separation of duties for internal control does not exist.

Cause of Condition:

The North Dakota Board of Physical Therapy has two employees, the executive officer and the administrative assistant, responsible for all accounting and administrative functions involved.

Effect:

The lack of segregation of duties could adversely affect the Board's ability to initiate, authorize, record, process, report financial data reliably or prevent or detect noncompliance on a timely basis.

Recommendation:

Proper separation of duties should be obtained where feasible.

Response:

We concur with the auditor's recommendation; however considering the size of the entity it is not feasible to obtain proper separation of duties.

NORTH DAKOTA BOARD OF PHYSICAL THERAPY
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Control Deficiency 2020-002

Criteria:

An organization should design an internal control system to provide for the preparation of financial statements of the organization.

Condition:

The Organization does not prepare the financial statements.

Cause:

The Organization is responsible for the preparation of the financial statements and accompanying notes to the financial statements to be audited. The internal control system is not designed to provide for the preparation of the financial statements and accompanying notes to the financial statements.

Effect:

As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Recommendation:

It is the responsibility of management and those charged with governance to make a decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response:

We concur with the auditor's finding and will consider the risks and costs associated with the financial statement preparation.