

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

**Financial Statements for the
Years Ended June 30, 2025 and 2024 and
Independent Auditor's Report**

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

Financial Statements for the Years Ended June 30, 2025 and 2024 and Independent Auditor's Report

BOARD MEMBERS (2024-2025)

Sarah C. Thomas, JD, Chair

Margaret King, MS, CNS, LN, Vice-Chair

Christie Nicholson, MS, RD, LDN, Treasurer

Patricia E. Pitts, MS, RD, LDN, Secretary

Deanna M. Didiano, DO, CAQSM

Babbi Hawkins, MS, RD, LDN

Janice E. Shannon, MS, CNS, LN

EXECUTIVE OFFICER (2024-2025)

Marnie Jones, Executive Director/Executive Secretary

LEGAL COUNSEL

Henry W. Jones, Jr., Attorney At Law

Jordan Price Wall Gray Jones & Carlton, PLLC

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

TABLE OF CONTENTS

	<u>Page</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	1 - 4
INDEPENDENT AUDITOR'S REPORT	5 - 7
FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024	
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Net Position	9 - 10
Statements of Cash Flows	11
Notes to Financial Statements	12 - 21

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the financial activities of the Board. This section of the Board's financial report represents the Board's financial activity and performance during the fiscal years ended June 30, 2025 and 2024. Please read it in conjunction with the financial statements which follow this section.

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, notes to the financial statements, and this discussion are the responsibility of Board management.

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. Current assets are those that are available to pay for expenses in the next fiscal year. Current liabilities are those payable in the next fiscal year. Net position consists of net investment in capital assets, restricted net position and unrestricted net position. The Board had no restricted net position at year end.

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 Board's revenues are classified as operating or non-operating revenues. Revenues are recognized when earned, regardless of the timing of cash flows. Expenses are recorded when a liability has been incurred, regardless of the timing of cash flows. Non-operating revenues and expenses are classified as non-operating in the financial statements.

The *Statements of Cash Flows* present information on how the Board's cash changed as a result of its financial activities. These statements provide information relative to the Board's sources and uses of cash funds for operating activities, capital financing activities, and investing activities.

The *Notes to the Financial Statements* provide detail of the information included in the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Financial Summary, Highlights, and Analysis

Statements of Net Position

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$779,497 for the year ended June 30, 2025, and \$612,061 for the year ended June 30, 2024. The largest component of net position was cash and investments. Cash and investments represented 146.58% of total net position at June 30, 2025, and 152.88% of total net position at June 30, 2024. Current assets consist of cash and prepaid costs. Noncurrent assets consist of capital assets (net of accumulated depreciation) and long term investments. Capital assets are not a significant component of assets. Current liabilities consist of accounts payable, accrued leave, payroll liabilities, and unearned revenue. Long-term liabilities consist of accrued leave not expected to be used within the next twelve months. Net position consists of investment in capital assets and unrestricted net position. Investment in capital assets is a component of net position and consists of capital assets net of depreciation. *The following is a comparative summary of the Statements of Net Position.*

	Current Year as of June 30, 2025	Restated Prior Year as of June 30, 2024	Amount of Change	Percentage Change
Current assets	\$ 791,454	\$ 292,982	\$ 498,472	170.14%
Capital assets	4,597	2,489	2,108	84.69%
Other assets	<u>355,813</u>	<u>647,410</u>	<u>(291,597)</u>	<u>-45.04%</u>
Total assets	<u>\$ 1,151,864</u>	<u>\$ 942,881</u>	<u>\$ 208,983</u>	<u>22.16%</u>
Current liabilities	\$ 337,680	\$ 307,733	\$ 29,947	9.73%
Long term liabilities	34,687	23,087	11,600	50.24%
Total liabilities	<u>\$ 372,367</u>	<u>\$ 330,820</u>	<u>\$ 41,547</u>	<u>12.56%</u>
Invested in capital assets	\$ 4,597	\$ 2,489	\$ 2,108	84.69%
Unrestricted	<u>774,900</u>	<u>609,572</u>	<u>165,328</u>	<u>27.12%</u>
Total net position	<u>\$ 779,497</u>	<u>\$ 612,061</u>	<u>\$ 167,436</u>	<u>27.36%</u>

During 2025, the Board's net position increased by \$167,436, or 27.36%, due primarily to the Board's operating revenues exceeding its operating expenses. During 2025, the Board's current assets increased \$498,472, or 170.14%; while the Board's other assets decreased \$291,597, or 45.04%, due primarily to the Board moving their maturing CDs into a Live Oak Insured Cash Sweep (ICS) account that ensures all Board holdings are FDIC insured.

Statements of Revenues, Expenses, and Changes in Net Position

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenue consist primarily of license fees and includes activities that have characteristics of exchange transactions. Fees received for the various licenses are deemed earned when the license period begins. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities. *The following is a comparative summary of the Statements of Revenues, Expenses, and Changes in Net Position.*

	The year ended June 30, 2025	Restated The year ended June 30, 2024	Amount of Change	Percentage Change
Operating revenues	\$ 537,460	\$ 509,775	\$ 27,685	5.43%
Operating expenses	402,497	333,707	68,790	20.61%
Non-operating revenues	<u>32,473</u>	<u>16,675</u>	<u>15,798</u>	<u>94.74%</u>
Change in net position	<u>\$ 167,436</u>	<u>\$ 192,743</u>	<u>\$ (25,307)</u>	<u>-13.13%</u>
Ending net position	<u>\$ 779,497</u>	<u>\$ 612,061</u>	<u>\$ 167,436</u>	<u>27.36%</u>

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Financial Summary, Highlights, and Analysis

Statements of Revenues, Expenses, and Changes in Net Position (Continued)

The following is a comparative breakdown of operating revenues by source.

	The year ended June 30, 2025	The year ended June 30, 2024	Amount of Change	Percentage Change
Licensing fees	\$ 488,425	\$ 461,280	\$ 27,145	5.88%
Application fees	45,420	43,440	1,980	4.56%
Late fees	3,075	4,500	(1,425)	-31.67%
Duplicate license fees	540	555	(15)	-2.70%
Total	\$ 537,460	\$ 509,775	\$ 27,685	5.43%

During 2025, the operating revenues of the Board increased by \$27,685, or 5.43%, due primarily to an increase in licensing fees. The Board attributes this increase to both the popularity of North Carolina for out-of-state transplant residents, and the use of telehealth to deliver services remotely.

The following is a comparative breakdown of operating expenses by source.

	The year ended June 30, 2025	Restated The year ended June 30, 2024	Amount of Change	Percentage Change
Salaries and benefits	\$ 250,144	\$ 191,446	\$ 58,698	30.66%
Board members - per diem	5,400	4,300	1,100	25.58%
Payroll taxes	16,184	12,685	3,499	27.58%
Office expenses	7,715	5,406	2,309	42.71%
Legal fees	32,438	34,936	(2,498)	-7.15%
Contracted services	22,095	27,406	(5,311)	-19.38%
Data services	13,237	12,152	1,085	8.93%
Staff travel expenses	-	1,782	(1,782)	-100.00%
Board meeting expenses	125	-	125	100.00%
Printing and copying	2,668	886	1,782	201.13%
Postage and freight	5,498	1,897	3,601	189.83%
Telephone/fax	200	190	10	5.26%
Bank charges (incl discount fees)	23,338	18,246	5,092	27.91%
Depreciation	1,011	916	95	10.37%
Insurance	20,559	19,753	806	4.08%
Other expenses	1,885	1,706	179	10.49%
Total	\$ 402,497	\$ 333,707	\$ 68,790	20.61%

During 2025, the operating expenses of the Board increased by \$68,790, or 20.61%, due primarily to an increase in salaries and benefits. The Board attributes this increase to the fact that the Board grew its staff to include an additional part-time employee to adjust for the continued increase in applicants and licensee matters.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Financial Summary, Highlights, and Analysis

Statements of Revenues, Expenses, and Changes in Net Position (Continued)

The following is a comparative breakdown of non-operating revenues and expense by source.

	The year ended June 30, 2025	The year ended June 30, 2024	Amount of Change	Percentage Change
Interest income	\$ 32,473	\$ 16,675	\$ 15,798	94.74%
Total	\$ 32,473	\$ 16,675	\$ 15,798	94.74%

During 2025, the non-operating revenues of the Board increased by \$15,798, or 94.74%, due primarily to an increase in interest earnings.

Economic and Other Factors Impacting Future Periods

The North Carolina Board of Dietetics/Nutrition (hereinafter “the Board”) saw another significant increase in its licensing income in the fiscal year ended June 30, 2025. The Board anticipates growth will continue into the fiscal year ended June 30, 2026, due to both the popularity of North Carolina for out-of-state transplant residents, and the use of telehealth to deliver services remotely here.

With global events and financial uncertainty, the Board approved moving their maturing CDs into a Live Oak Insured Cash Sweep (ICS) account that ensures all Board holdings are FDIC insured. This program is still under the guidance of Live Oak Bank, using their partner IntraFi Networks. This move to greater financial protection of licensee funds continues to uphold the Board’s investment policy of low-risk investment, while still yielding modest growth as the Board continues to work towards building reserves to cover potential legal expenses, future technical improvements to systems, and staff growth to cover licensee growth.

In the fiscal year ended June 30, 2025, the Board grew its staff to include an additional part-time employee to adjust for the continued increase in applicants and licensee matters. While this became an additional expense, operating virtually continues to realize cost savings in rent, travel, and meeting expenses.

The Board saw reasonable and under-budget legal fees at the close of the fiscal year ended June 30, 2025, largely due to minimal complaints and legislative needs. The Board will enter its periodic rules review period in the fiscal year ended June 30, 2026, which may require additional legal fees as general counsel ensures process compliance.

The growth that the Board has seen over the last couple years has the potential to slow dramatically when and if proposed Compact legislation goes into effect in the coming years, as this means individuals seeking a full license in North Carolina would only then need to seek a less expensive compact privilege. The operating income ramifications are difficult to project 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 receives. If you have any questions about this report or need additional information, contact: North Carolina Board of Dietetics/Nutrition, 1135 Kildaire Farm Road, Suite 200, Cary, NC 27511.

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board
North Carolina Board of Dietetics/Nutrition
Cary, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the North Carolina Board of Dietetics/Nutrition (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, 2025 and 2024, 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 Board of Dietetics/Nutrition as of June 30, 2025 and 2024, 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:

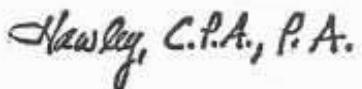
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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.



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

Angier, North Carolina

September 9, 2025

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

	Restated	
	June 30, 2025	June 30, 2024
	Proprietary-Enterprise Fund	Proprietary-Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 786,738	\$ 288,331
Prepaid expenses (Note 1)	4,716	4,651
Total current assets	791,454	292,982
Capital assets (Notes 1 and 4):		
Office and computer equipment	4,597	2,489
Total capital assets - net of depreciation	4,597	2,489
Other assets:		
Investments (Notes 1 and 2)	355,813	647,410
Total other assets	355,813	647,410
TOTAL ASSETS	\$ 1,151,864	\$ 942,881
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable - operations (Note 5)	\$ 3,791	\$ 2,019
Due to other state agencies (Note 5)	9,666	7,272
Accrued payroll (including payroll taxes and related costs)	396	3,595
Compensated absences - current portion (Notes 1, 6, 10 and 11)	11,562	12,982
Unearned revenue (Note 1)	312,265	281,865
Total current liabilities	337,680	307,733
Long term liabilities:		
Compensated absences - noncurrent portion (Notes 1, 6, 10 and 11)	34,687	23,087
Total long term liabilities	34,687	23,087
TOTAL LIABILITIES	372,367	330,820
NET POSITION (NOTES 1, 10 AND 11)		
Invested in capital assets	4,597	2,489
Unrestricted net position	774,900	609,572
TOTAL NET POSITION	779,497	612,061
TOTAL LIABILITIES AND NET POSITION	\$ 1,151,864	\$ 942,881

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024

	2025		Restated 2024	
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund		
OPERATING REVENUES:				
Fees, licenses, and fines:				
Licensing fees	\$ 488,425		\$ 461,280	
Application fees	45,420		43,440	
Late fees	3,075		4,500	
Duplicate license fees	540		555	
Total operating revenues	\$ 537,460		\$ 509,775	
OPERATING EXPENSES:				
Personal services (and board members expenses):				
Salaries and wages - staff (including accumulated leave) (Note 11)	\$ 206,162		\$ 161,521	
Board members expenses - per diem	5,400		4,300	
Payroll taxes (Note 11)	16,184		12,685	
Retirement (Notes 7 and 11)	9,945		6,773	
Employee benefits	34,037		23,152	
Supplies and materials:				
Office supplies and expenses	7,715		5,406	
Services:				
Legal fees	32,438		34,936	
Contracted services - auditing	8,195		7,995	
Contracted services - accounting	6,900		4,800	
Contracted services - consulting and recruiting	7,000		12,500	
Contracted services - investigation	2,111			
Data processing fees (to outside agents)	4,336		4,582	
Data processing services (including website)	8,901		7,570	
Staff travel expenses	1,782			
Board meeting expenses	125			
Printing and copying	2,668		886	

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024	Restated
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund	
OPERATING EXPENSES (CONTINUED):			
Postage and freight	5,498	1,897	
Telephone/fax	200	190	
Bank charges (including discount fees)	23,338	18,246	
Depreciation	1,011	916	
Insurance	20,559	19,753	
Other expenses:			
Office rent (Note 3)	1,625	1,446	
Miscellaneous expenses	260	260	
Total operating expenses	<u>\$ 402,497</u>	<u>\$ 333,707</u>	
Operating income (loss)	\$ 134,963	\$ 176,068	
NON-OPERATING REVENUES (EXPENSES):			
Interest income	\$ 32,473	\$ 16,675	
Total non-operating revenues	<u>\$ 32,473</u>	<u>\$ 16,675</u>	
Change in net position	\$ 167,436	\$ 192,743	
Net position - beginning of year	<u>612,061</u>	<u>419,318</u>	
Net position - end of year	<u>\$ 779,497</u>	<u>\$ 612,061</u>	

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	Restated	
	2025	2024
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees	\$ 567,860	\$ 526,685
Cash payments to employee and board members for services	(264,747)	(185,169)
Cash payments for operating expenses	(125,657)	(119,288)
Net cash provided (used) by operating activities	<u>\$ 177,456</u>	<u>\$ 222,228</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	\$ (3,119)	\$
Net cash used in capital and related financing activities	<u>\$ (3,119)</u>	<u>\$ 0</u>
Cash flows from investing activities:		
Earnings on investments	\$ 32,473	\$ 16,675
Transfers from (to) investments	291,597	(296,548)
Net cash provided (used) by investing activities	<u>\$ 324,070</u>	<u>\$ (279,873)</u>
Net increase (decrease) in cash	\$ 498,407	\$ (57,645)
Cash - beginning of year	<u>288,331</u>	<u>345,976</u>
Cash - end of year	<u>\$ 786,738</u>	<u>\$ 288,331</u>
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income (loss)	<u>\$ 134,963</u>	<u>\$ 176,068</u>
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Depreciation	\$ 1,011	\$ 916
Changes in assets and liabilities:		
Prepaid expenses	(65)	1,692
Accounts payable	4,166	3,380
Other liabilities	6,981	23,262
Unearned revenue	30,400	16,910
Total adjustments	<u>\$ 42,493</u>	<u>\$ 46,160</u>
Net cash provided (used) by operating activities	<u><u>\$ 177,456</u></u>	<u><u>\$ 222,228</u></u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina Board of Dietetics/Nutrition (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 seven 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 dietitians/nutritionists and nutritionists.

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 BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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*. Non-operating 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 and cash on deposit held by the Board with financial institutions.

Investments

The Board is authorized to invest idle funds in accordance with North Carolina General Statutes. This classification consists of certain certificates of deposit held by the Board for investment. Investments generally are reported at fair market value. Certificates of deposit are reported at cost (which is the same as fair value) if purchased in the primary certificate of deposit market, and at fair value if purchased in the secondary certificate of deposit market (as determined by quoted market prices). The net increase (decrease) in the fair value of investments for certificates of deposit is recognized as a component of investment interest income.

Prepaid Expenses

This classification includes expenses which were prepaid at year end for commercial insurance coverage and other office expenses.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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

Capital Assets

Property and equipment are stated at cost and are being depreciated over their useful lives on a straight-line basis. The Board capitalizes assets that have a value or cost of \$500 or greater at the date of acquisition and an estimated useful life of more than one year. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets, generally estimated as follows: office furniture and equipment, 5 to 7 years.

Compensated Absences (Vacation and Sick Leave)

Board employees may accumulate up to thirty days earned vacation and such leave is fully vested when earned. At year-end, accrued vacation in excess of the limits is transferred and added to sick leave balances. A liability for compensated absences is recognized for both vacation and sick leave that is more likely than not to be used or paid out. This is determined based on historical usage patterns and the Board's policies regarding leave. The Board uses a last in, first out (LIFO) flow assumption to determine the order in which leave is used or paid out. The liability for compensated absences is measured by multiplying the total hours of accrued leave by the applicable pay rate as of the end of the reporting period. At June 30, 2025 and 2024, compensated absences consisted of the following:

Compensated Absences:	Restated	
	June 30, 2025	June 30, 2024
Current portion	\$ 11,562	\$ 12,982
Long-term portion	34,687	23,087
Total	<u>\$ 46,249</u>	<u>\$ 36,069</u>

See Notes 10 and Note 11 for details on the restated balances relating to compensated absences.

Unearned Revenue

The Board's fees are assessed and collected on an annual basis for the period April 1 through March 31 of each year. Licenses are renewed for a period of one year. License fees received in the latter part of the fiscal year are deferred and recognized as revenue over the periods to which they relate.

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.

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 has no *restricted net position*.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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

Unrestricted net position - This component of net position consists of net position that does not meet the definition of *restricted or invested 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 and Investments

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; however, to limit its exposure to such risk, the Board utilizes Insured Cash Sweep (ICS) accounts, which ensure that its deposits are covered by federal depository insurance.

At June 30, 2025, the Board's deposits had a carrying amount of \$1,142,551 and a bank balance of \$1,139,601. Of the bank balance, \$1,139,601 was covered by federal depository insurance, and \$0 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. Certificates of deposit in the amount of \$355,813 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position. At June 30, 2024, the Board's deposits had a carrying amount of \$935,741 and a bank balance of \$931,653. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$431,653 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. Certificates of deposit in the amount of \$647,410 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position.

The Board is subject to the following risks:

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 interest rate variances, the Board limits its investments, if any, to certificates of deposit with maturities of no more than 60 months, and to money-market mutual funds.

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 certificates of deposit and money-market mutual funds.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

Note 2 - Deposits and Investments (Continued)

June 30, 2025			
Properties of Debt Securities			
Investment Type	Fair Values	Weighted Avg Maturities	Ratings
Securities:			
Certificates of Deposit	\$355,813	13.00 Months	N/A

June 30, 2024			
Properties of Debt Securities			
Investment Type	Fair Values	Weighted Avg Maturities	Ratings
Securities:			
Certificates of Deposit	\$647,410	13.00 Months	N/A

Reconciliation of Deposits and Investments

A reconciliation of deposits and investments for the Board to the basic financial statements at June 30, 2025 and 2024 is as follows:

	June 30, 2025	June 30, 2024
Carrying Amount of Bank Deposits	\$ 786,738	\$ 288,331
Certificates of Deposits	355,813	647,410
Total Deposits and Investments	<u>\$ 1,142,551</u>	<u>\$ 935,741</u>
Current:		
Cash and Cash Equivalents	\$ 786,738	\$ 288,331
Noncurrent:		
Investments	355,813	647,410
Total Deposits and Investments	<u>\$ 1,142,551</u>	<u>\$ 935,741</u>

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

Note 3 - Virtual Office

The Board began operating virtually in November 2020. At that time, the Board utilized a virtual office and small storage unit to store permanent records. Both operate for a term of month to month tenancy. Total rent expense charged to operations for a virtual office and storage space was \$1,625 for the fiscal year ended June 30, 2025, and \$1,446 for the fiscal year ended June 30, 2024.

Note 4 - Capital Assets

Changes in capital assets as of and for the years ended June 30, 2025 and 2024 are as follows:

	Cost 6/30/2024	Additions	Deletions	Cost 6/30/2025	Accumulated Depr	Net
Office/computer equipment	\$ 9,529	\$ 3,119	\$ -	\$ 12,648	\$ 8,051	\$ 4,597
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 9,529	\$ 3,119	\$ 0	\$ 12,648	\$ 8,051	\$ 4,597
	Cost 6/30/2023	Additions	Deletions	Cost 6/30/2024	Accumulated Depr	Net
Office/computer equipment	\$ 9,529	\$ -	\$ -	\$ 9,529	\$ 7,040	\$ 2,489
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 9,529	\$ 0	\$ 0	\$ 9,529	\$ 7,040	\$ 2,489

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the books. Any gain or loss on disposition is reflected in earnings for the period. Depreciation expense was \$1,011 for the fiscal year ended June 30, 2025, and \$916 for the fiscal year ended June 30, 2024.

Note 5 - Accounts Payable

Accounts payable consist 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) is reported separately.

	June 30, 2025	June 30, 2024
Due to Vendors	\$ 3,791	\$ 2,019
Due to Other State Agencies	9,666	7,272
Total Accounts Payable	\$ 13,457	\$ 9,291

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

Note 6 - Non-Current Liabilities

A summary of changes in non-current liabilities for the years ended June 30, 2025 and 2024 follows:

	Balance at 6-30-2024	Additions	Deletions	Balance at 6-30-2025	Current	Non-Current
Compensated	\$ 36,069	\$ 30,196	\$ (20,016)	\$ 46,249	\$ 11,562	\$ 34,687
Absences	<u>\$ 36,069</u>	<u>\$ 30,196</u>	<u>\$ (20,016)</u>	<u>\$ 46,249</u>	<u>\$ 11,562</u>	<u>\$ 34,687</u>
	Balance at 6-30-2023	Additions	Deletions	Balance at 6-30-2024	Current	Non-Current
Compensated	\$ 12,163	\$ 33,397	\$ (9,491)	\$ 36,069	\$ 12,982	\$ 23,087
Absences	<u>\$ 12,163</u>	<u>\$ 33,397</u>	<u>\$ (9,491)</u>	<u>\$ 36,069</u>	<u>\$ 12,982</u>	<u>\$ 23,087</u>

Note 7- Retirement Plan(s) and Postemployment Benefits Other Than Retirement Plan(s)

Simplified Employee Pension Plan

During 2011, the Board entered into a Simplified Employee Pension (SEP) plan agreement on behalf of eligible employee(s) of the Board. Eligible employee(s) are covered under the plan. Only the Board contributes to the plan, and only the Board has the authority to authorize and amend the plan. There are no forfeitures inuring to other employees under this type plan. The Board's payroll for employee(s) covered by the plan for the year ended June 30, 2025 was \$165,750; the Board's total payroll was \$206,162. The Board's pension contribution amounted to \$9,945 for 2025. The Board's payroll (as restated) for employee(s) covered by the plan for the year ended June 30, 2024 was \$112,883; the Board's total payroll (as restated) was \$161,521. The Board's pension contribution amounted (as restated) to \$6,773 for 2024. The Board had no outstanding liabilities to the plan at June 30, 2025 and 2024. The Board assumes no liability for retiree benefits provided by this program other than its required contributions. The Board has no postemployment benefits other than this defined contribution retirement plan.

Note 8 - Contingencies

The Board may be involved in occasional disciplinary and licensure 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, if any, 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 BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

Note 9 - 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 loss through the purchase of commercial insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior year, and no insurance claims (other than claims by employees for health coverage) were filed during the last three fiscal years.

Note 10 - Changes in Financial Accounting and Reporting

For the fiscal year ended June 30, 2025, the Board implemented GASB Statement No. 101. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. See Note 11 for details on the restated balance relating to compensated absences.

Note 11 - Implementation of Standard(s)

GASB 101 is effective for the fiscal years beginning after December 15, 2023. The adoption of GASB 101 changed the Board's financial reporting for compensated absences. Under GASB 101, a liability for compensated absences is required to be recognized in the financial statements if the leave is attributable to services already rendered; accumulates and can be carried forward to future reporting years; and has not been used. Using those parameters, the definition of compensated absences was broadened such that a liability for sick leave is now also calculated and included in the compensated absences liability.

The Board's (restated) net position decreased for the year ended June 30, 2024 by the amount of \$23,087 which was reported as an increase to the compensated absences liability. This increase in the compensated absences liability consisted of \$9,797 for the current portion and \$13,350 for the noncurrent portion. See Note 10 for details.

The Board's *salaries and wages - staff (including accumulated leave), retirement, and payroll tax expenses* increased for the year ended June 30, 2024 in the amount of \$23,087 as reported on the Statement of Revenues, Expenses, and Changes in Net Position. See Note 10 for details.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

Note 11 - Implementation of Standard(s) (Continued)

This change had an effect on the Board's *Statement of Net Position* as of the fiscal year ended June 30, 2024 as presented below:

	As Restated	Previously Reported
	As of and For the	As of and For the
	Prior Year Ended	Prior Year Ended
	June 30, 2024	June 30, 2024
Current assets	\$ 292,982	\$ 292,982
Capital assets	2,489	2,489
Other assets	<u>647,410</u>	647,410
Total assets	<u>942,881</u>	942,881
Liabilities:		
Current liabilities:		
Compensated absences - current portion	<u>12,982</u>	3,245
Total current liabilities	<u>307,733</u>	297,996
Long term liabilities:		
Compensated absences - noncurrent portion	<u>23,087</u>	9,737
Total noncurrent liabilities	<u>23,087</u>	9,737
Invested in capital assets	2,489	2,489
Unrestricted	<u>609,572</u>	632,659
Total net position	<u>\$ 612,061</u>	\$ 635,148

This change had an effect on the Board's *Statement of Revenues, Expenses, and Changes in Net Position* for the fiscal year ended June 30, 2024 as presented below:

	As Restated	Previously Reported
	As of and For the	As of and For the
	Prior Year Ended	Prior Year Ended
	June 30, 2024	June 30, 2024
Operating Revenues	\$ 509,775	\$ 509,775
Total operating revenues	<u>509,775</u>	509,775
Operating Expenses:		
Salaries, retirement, payroll tax (including accumulated leave)	180,979	157,892
Total operating expenses	<u>333,707</u>	310,620
Operating income (loss)	<u>176,068</u>	199,155
Total non-operating revenues	<u>16,675</u>	16,675
Change in net position	<u>192,743</u>	215,830
Net Position - beginning of year	<u>419,318</u>	419,318
Net position - end of year	<u>\$ 612,061</u>	\$ 635,148

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

Note 12 - Subsequent Events

Subsequent events have been evaluated through September 9, 2025, 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 95 audit hours at a cost of \$8,695.