

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

**Financial Statements for the
Years Ended June 30, 2016 and 2015 and
Independent Auditor's Report**

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

Financial Statements for the Years Ended June 30, 2016 and 2015 and Independent Auditor's Report

BOARD MEMBERS (2015-2016)

Christie Nicholson, MS, RD, LDN, Chairperson (July-June)

Shaynee Roper, RD, LDN, Vice-Chairperson (July-June)

Shelia Garner Link, MS, RD, CDE, LDN, Secretary (July-June)

Cathleen E. Ostrowski, MS, RD, LDN, Treasurer (July-June)

Phyllis T. Hilliard, MPH (July-May)

Helene F. Edwards, MS, RD, LDN (July-June)

Vacant Position (July-June)

EXECUTIVE OFFICER (2015-2016)

Charla Burill, JD, RD, 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	1-2
INDEPENDENT AUDITOR’S REPORT	3-4
FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015	
Statements of Net Position	5
Statements of Revenues, Expenses and Changes in Net Position	6-7
Statements of Cash Flows	8-9
Notes to Financial Statements	10-16

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the years ended June 30, 2016 and 2015. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2016, the Board's net position decreased by \$9,154, or 3.0%, due primarily to the Board's operating expenses exceeding its operating revenues. During 2015, the Board's net position decreased by \$6,823, or 2.2%, due primarily to the Board's operating expenses exceeding its operating revenues.

During 2016, the operating revenues of the Board increased by \$19,385, or 8.7%, due primarily to an increase in licensing fee revenue. During 2015, the operating revenues of the Board increased by \$12,330, or 5.8%, due primarily to an increase in licensing fee revenue.

During 2016, the non-operating revenues of the Board increased by \$970, or 56.5%, due primarily to an increase in the rate of return on investments. During 2015, the non-operating revenues of the Board increased by \$1,571, or 1,083.4%, due primarily to an increase in the rate of return on investments.

During 2016, the operating expenses of the Board increased by \$22,686, or 9.8%, due primarily to an increase in data processing expenses related to implementing a web based licensing system. During 2015, the operating expenses of the Board increased by \$1,902, or 0.8%, due primarily to an increase in rent expense for office space.

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

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

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

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

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Financial Information

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

	Current Year as of and for the year ended June 30, 2016	Current Year as of and for the year ended June 30, 2015
Current assets	\$ 277,253	\$ 277,743
Capital assets	2,172	3,346
Other assets	177,820	176,022
Total assets	<u>\$ 457,245</u>	<u>\$ 457,111</u>
Current liabilities	\$ 152,179	\$ 145,503
Long-term liabilities	9,440	6,828
Total liabilities	<u>\$ 161,619</u>	<u>\$ 152,331</u>
Invested in capital assets	\$ 2,172	\$ 3,346
Unrestricted	293,454	301,434
Total net position	<u>\$ 295,626</u>	<u>\$ 304,780</u>
Operating revenues	\$ 242,985	\$ 223,600
Operating expenses	(254,825)	(232,139)
Operating income	(11,840)	(8,539)
Non-operating revenues	2,686	1,716
Change in net position	<u>\$ (9,154)</u>	<u>\$ (6,823)</u>

Events Affecting Future Operations

The Board has no significant events affecting future operations which are reportable pursuant to GASB reporting requirements.

Contacting the Board's Management

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact: North Carolina Board of Dietetics/Nutrition, 140 Preston Executive Drive, Suite 205-C, Cary, NC 27513.

Shelton L. Hawley, CPA, PA
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the North Carolina Board of Dietetics/Nutrition (the "Board"), an independent state agency 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, 2016 and 2015, and the related notes to the financial statements, which comprise the Board's 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 accounting principles generally accepted in the United States of America; this includes 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 an opinion on these financial statements based on the audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Carolina Board of Dietetics/Nutrition as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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, 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 historic 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the supplementary information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance thereon.



Shelton L. Hawley, C.P.A., P.A.

Angier, North Carolina

September 1, 2016

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

	June 30, 2016	June 30, 2015
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 273,979	\$ 270,413
Prepaid expenses (Note 1)	3,274	7,330
Total current assets	277,253	277,743
Capital assets (Note 1):		
Office and computer equipment	2,172	3,346
Total capital assets - net of depreciation	2,172	3,346
Other assets:		
Investments (Note 2)	176,517	174,733
Accrued interest receivable (on investments)	203	189
Security deposit (on rental of office space)	1,100	1,100
Total other assets	177,820	176,022
TOTAL ASSETS	\$ 457,245	\$ 457,111
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 200	\$ 1,873
Accrued payroll (including payroll taxes and related costs)	2,995	2,798
Accrued vacation (Notes 1 and 6)	2,509	1,707
Unearned revenue (Note 3)	146,475	139,125
Total current liabilities	152,179	145,503
Long term debt:		
Accrued vacation (Notes 1 and 6)	9,440	6,828
Total long term debt	9,440	6,828
TOTAL LIABILITIES	161,619	152,331
NET POSITION (NOTE 4)		
Invested in capital assets	2,172	3,346
Unrestricted net position	293,454	301,434
TOTAL NET POSITION	295,626	304,780
TOTAL LIABILITIES AND NET POSITION	\$ 457,245	\$ 457,111

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Application fees	\$ 15,100	\$ 12,550
Licensing fees (including late fees)	227,475	210,520
Other operating income	<u>410</u>	<u>530</u>
Total operating revenues	\$ 242,985	\$ 223,600
OPERATING EXPENSES:		
Salaries and wages - staff (including accumulated leave)	\$ 120,143	\$ 112,500
Payroll taxes	9,191	8,726
Retirement (Note 7)	7,062	6,606
Employee benefits	16,433	15,433
Staff travel expenses	977	684
Board members expenses	5,503	9,582
Legal fees	1,085	20,852
Audit and accounting fees	5,209	4,695
Rent for office space (Note 5)	13,353	20,836
Telephone/fax	179	505
Data processing services	43,600	8,900
Website and related expenses	394	510
Data processing fees (to outside agents)	2,382	2,479
Postage and freight	3,430	4,006
Printing and copying	5,117	3,052
Insurance	13,224	4,461
Office supplies and expenses	1,113	1,962
Depreciation	1,174	1,217
Bank charges (including discount fees)	4,084	3,719
Miscellaneous expenses	<u>1,172</u>	<u>1,414</u>
Total operating expenses	\$ 254,825	\$ 232,139
Operating income (loss)	\$ (11,840)	\$ (8,539)

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest income (including unrealized gain/loss on certificates of deposit in the secondary market) (Note 1)	\$ 2,686	\$ 1,716
Total non-operating revenues	\$ 2,686	\$ 1,716
Change in net position	\$ (9,154)	\$ (6,823)
Net position - beginning of year	<u>304,780</u>	<u>311,603</u>
Net position - end of year	<u><u>\$ 295,626</u></u>	<u><u>\$ 304,780</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees	\$ 249,925	\$ 229,970
Cash received from other operating revenues	410	530
Cash payments to employee(s) for services	(149,218)	(141,476)
Cash payments for operating expenses	(98,439)	(90,219)
Net cash provided (used) by operating activities	<u>\$ 2,678</u>	<u>\$ (1,195)</u>
Cash flows from investing activities:		
Earnings on investments	\$ 1,888	\$ 1,264
Transfers from (to) investments	66,000	75,000
Transfers from (to) investments	(67,000)	(76,000)
Net cash provided (used) by investing activities	<u>\$ 888</u>	<u>\$ 264</u>
Net increase (decrease) in cash	<u>\$ 3,566</u>	<u>\$ (931)</u>
Cash - beginning of year	<u>270,413</u>	<u>271,344</u>
Cash - end of year	<u><u>\$ 273,979</u></u>	<u><u>\$ 270,413</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income (loss)	<u>\$ (11,840)</u>	<u>\$ (8,539)</u>
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Depreciation	\$ 1,174	\$ 1,217
Changes in assets and liabilities:		
Prepaid expenses and other assets	4,056	(3,373)
Accounts payable	(1,673)	811
Other liabilities	3,611	1,789
Unearned revenue	<u>7,350</u>	<u>6,900</u>
Total adjustments	<u>\$ 14,518</u>	<u>\$ 7,344</u>
Net cash provided (used) by operating activities	<u><u>\$ 2,678</u></u>	<u><u>\$ (1,195)</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization

The North Carolina Board of Dietetics/Nutrition (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 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 Comprehensive Annual Financial Report (CAFR).

The Board is established to maintain minimum standards for services provided by dietitians/nutritionists.

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. 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.

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 Comprehensive Annual Financial Report (CAFR). 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.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

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

Basis of Accounting

In accordance with *Statement of Governmental Accounting Standards 34*, the Board herewith presents Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position; and Statements of Cash Flows. These statements reflect entity-wide operations of the Board. The Board has no fiduciary funds or component units.

The Statements of Revenues, Expenses, and Changes in Net Position demonstrate the degree to which the direct expenses of the Board are offset by license fees.

The financial statements report all activities of the North Carolina Board of Dietetics/Nutrition using the economic resource measurement focus and the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized when incurred, if measurable, regardless of the timing of cash flows.

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

Investments

The Board is authorized to invest idle funds in accordance with North Carolina General Statutes. This classification consists of certain certificates of deposits 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.

Fair Value of Financial Instruments

The carrying amounts of the Board's financial instruments approximate their fair value.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

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

Prepaid Expenses

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

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. Summaries follow:

	Cost 06-30-15	Acquisitions	Disposals	Cost 06-30-16	Accumulated Depreciation	Net Amount
Office/computer equipment	10,886	-	-	10,886	8,714	2,172
	<u>\$ 10,886</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,886</u>	<u>\$ 8,714</u>	<u>\$ 2,172</u>

	Cost 06-30-14	Acquisitions	Disposals	Cost 06-30-15	Accumulated Depreciation	Net Amount
Office/computer equipment	15,230	-	4,344	10,886	7,540	3,346
	<u>\$ 15,230</u>	<u>\$ 0</u>	<u>\$ 4,344</u>	<u>\$ 10,886</u>	<u>\$ 7,540</u>	<u>\$ 3,346</u>

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 \$1,174 for the fiscal year ended June 30, 2016 and \$1,217 for the year ended June 30, 2015.

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 are transferred and added to sick leave balances. Accumulated earned vacation payable at June 30, 2016 and 2015, consisted of the following:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Current portion	\$ 2,509	\$ 1,707
Long-term portion	9,440	6,828
Total	<u>\$ 11,949</u>	<u>\$ 8,535</u>

The Board's sick leave policy provides for an unlimited accumulation of earned sick leave. Since the Board has no obligation for the accumulated sick leave until it is actually taken, or until retirement, no accrual for sick leave has been made. The Board has a contingent liability for sick leave in the amount of \$9,409 at June 30, 2016 and \$7,738 at June 30, 2015.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

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

Income Taxes

The Board is a nonmajor enterprise fund of the primary government of the State of North Carolina and is exempt from federal and state income taxes.

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

Deposits

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

At June 30, 2016, the Board's deposits had a carrying amount of \$450,496 and a bank balance of \$450,707, which was covered by federal depository insurance. Certificates of deposit in the amount of \$176,517 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position. At June 30, 2015, the Board's deposits had a carrying amount of \$445,146 and a bank balance of \$449,109, which was covered by federal depository insurance. Certificates of deposit in the amount of \$174,733 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position.

Investments

At June 30, 2016 and 2015, the Board had the following investments and maturities.

Investment Type	June 30, 2016			June 30, 2015		
	3-12		Over 12	3-12		Over 12
	Fair Value	Months	Months	Fair Value	Months	Months
Certificate(s) of Deposit	\$ 176,517	\$	176,517	\$ 174,733	\$	174,733
Total	\$ 176,517	\$ 0	\$ 176,517	\$ 174,733	\$ 0	\$ 174,733

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

Note 2 - Deposits and Investments (Continued)

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 deposits with maturities of no more than 36 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 deposits and money market mutual funds.

Custodial credit risk - 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 policies regarding custodial credit risk for deposits. Federal depository insurance is discussed in the preceding section.

Reconciliation of Deposits and Investments

A reconciliation of deposits and investments for the Board to the basic financial statements at June 30, 2016 and 2015, is as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Carrying Amount of Bank Deposits	\$ 273,979	\$ 270,413
Certificates of Deposits	<u>176,517</u>	<u>174,733</u>
Total Deposits and Investments	<u><u>\$ 450,496</u></u>	<u><u>\$ 445,146</u></u>
Current:		
Cash and Cash Equivalents	\$ 273,979	\$ 270,413
Noncurrent:		
Investments	<u>176,517</u>	<u>174,733</u>
Total Deposits and Investments	<u><u>\$ 450,496</u></u>	<u><u>\$ 445,146</u></u>

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

Note 3 - 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.

Note 4 - Net Position

Investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any loan proceeds that are attributable to the acquisition, construction, or improvement of those capital assets.

Restricted net position - expendable - This component of net position consists of net position which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external parties. The Board had no *restricted net position*.

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*.

Note 5 - Operating Lease

The Board leased office space under operating lease. Total rent expense (including utilities and supplemental charges) charged to operations under the lease agreement was \$13,353 in 2016 and \$20,836 in 2015.

Rental commitments under the noncancellable operating lease at June 30, 2016 are as follows:

Year Ended June 30,		
2017	\$	13,630
2018		12,837
	\$	<u>26,697</u>

Note 6 - Non-Current Liabilities

A summary of changes in non-current liabilities for the years ended June 30, 2016 and 2015 follows:

	Balance 06-30-15	Additions	Deletions	Balance 06-30-16	Current	Non- Current
Compensated absences	8,535	4,904	1,490	11,949	2,509	9,440
	<u>\$ 8,535</u>	<u>\$ 4,904</u>	<u>\$ 1,490</u>	<u>\$ 11,949</u>	<u>\$ 2,509</u>	<u>\$ 9,440</u>

	Balance 06-30-14	Additions	Deletions	Balance 06-30-15	Current	Non- Current
Compensated absences	6,618	3,765	1,848	8,535	1,707	6,828
	<u>\$ 6,618</u>	<u>\$ 3,765</u>	<u>\$ 1,848</u>	<u>\$ 8,535</u>	<u>\$ 1,707</u>	<u>\$ 6,828</u>

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

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

Simplified Employee Pension Plan

During 2011, the Board entered into a Simplified Employee Pension plan agreement on behalf of eligible employee(s) of the Board. Two employees are covered under the plan, one management employee and one clerical staff employee. 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, 2016 was \$117,698; the Board's total payroll was \$120,143. The Board's pension contribution amounted to \$7,062 for 2016. The Board's payroll for employee(s) covered by the plan for the year ended June 30, 2015 was \$110,093; the Board's total payroll was \$112,500. The Board's pension contribution amounted to \$6,606 for 2015. The Board's payroll for employee(s) covered by the plan for the year ended June 30, 2014 was \$105,269; the Board's total payroll was \$107,606. The Board's pension contribution amounted to \$6,316 for 2014. The Board had no outstanding liabilities to the plan at June 30, 2016 and 2015. 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 is involved in occasional disciplinary hearings throughout the year which arise in the ordinary course of its operations. In the opinion of management of the Board, the results of such actions during the years under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the years herein ended.

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.

Note 10 - Subsequent Events

Subsequent events have been evaluated through September 1, 2016, 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.

Note 11 - North Carolina Legislative Statutory Disclosure Requirement Concerning Audit Fees

This audit required 52 audit hours at a cost of \$5,595.