

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

**Financial Statements for the
Years Ended June 30, 2019 and 2018 and
Independent Auditor's Report**

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

Financial Statements for the Years Ended June 30, 2019 and 2018 and Independent Auditor's Report

BOARD MEMBERS (2018-2019)

Shelia Garner Link, MS, RD, CDE, LDN, Chairperson

Kayla N. Saunders, Vice-Chairperson

Christina Wilson, MS, CNS, LN, Secretary

Kim Iles, MS, RD, LDN, Treasurer

Susana Analia Camarasa, MS, CNS, LN

Amanda S. Holliday, MS, RD, LDN

Anaya B. Sen, MD

EXECUTIVE OFFICER (2018-2019)

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

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NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the years ended June 30, 2019 and 2018. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2019, the Board's net position increased by \$26,652, or 8.63%, due primarily to the Board's operating revenues exceeding its operating expenses. During 2018, the Board's net position increased by \$25,373, or 8.95%, due primarily to the Board's operating revenues exceeding its operating expenses.

During 2019, the operating revenues of the Board increased by \$18,755, or 7.13%, due primarily to an increase in licensing fee revenue. During 2018, the operating revenues of the Board increased by \$8,575, or 3.37%, due primarily to an increase in licensing fee revenue.

During 2019, the non-operating revenues of the Board increased by \$4,457, or 384.56%, due primarily to valuation adjustments to certificates of deposit in the secondary market. During 2018, the non-operating revenues of the Board decreased by \$756, or 39.48%, due primarily to valuation adjustments to certificates of deposit in the secondary market.

During 2019, the operating expenses of the Board increased by \$21,933, or 9.18%, due primarily to an increase in salaries and wages expenses, and legal fees. During 2018, the operating expenses of the Board decreased by \$29,587, or 11.02%, due primarily to a decrease in data processing expenses related to implementing a web based licensing system in the preceding year.

Overview of the Financial Statements

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

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

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

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

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

NORTH CAROLINA 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, 2019	Current Year as of and for the year ended June 30, 2018
Current assets	\$ 411,174	\$ 307,548
Capital assets	3,243	1,702
Other assets	111,467	176,463
Total assets	<u>\$ 525,884</u>	<u>\$ 485,713</u>
Current liabilities	\$ 177,588	\$ 167,198
Long-term liabilities	12,678	9,549
Total liabilities	<u>\$ 190,266</u>	<u>\$ 176,747</u>
Invested in capital assets	\$ 3,243	\$ 1,702
Unrestricted	332,375	307,264
Total net position	<u>\$ 335,618</u>	<u>\$ 308,966</u>
Operating revenues	\$ 281,900	\$ 263,145
Operating expenses	(260,864)	(238,931)
Operating income	21,036	24,214
Non-operating revenues	5,616	1,159
Change in net position	<u>\$ 26,652</u>	<u>\$ 25,373</u>

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$335,618 for the year ended June 30, 2019. The largest component of net position was cash and investments. Cash and investments represented 154.35% of total net position. Current assets consist of cash and prepaid expenses. Noncurrent assets consist of capital assets (net of accumulated depreciation), long term investments and a noncurrent security deposit. Capital assets are not a significant component of assets and are denoted below in the comparative summary of the Statements of Net Position. 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 net assets invested in capital assets and unrestricted net assets. Net 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, 2019	Current Year as of June 30 2018	Amount of Change	Percentage Change
Current assets	\$ 411,174	\$ 307,548	\$ 103,626	33.69%
Capital assets	3,243	1,702	1,541	90.54%
Other assets	111,467	176,463	(64,996)	-36.83%
Total assets	<u>\$ 525,884</u>	<u>\$ 485,713</u>	<u>\$ 40,171</u>	<u>8.27%</u>
Current liabilities	\$ 177,588	\$ 167,198	\$ 10,390	6.21%
Long term liabilities	12,678	9,549	3,129	32.77%
Total liabilities	<u>\$ 190,266</u>	<u>\$ 176,747</u>	<u>\$ 13,519</u>	<u>7.65%</u>
Invested in capital assets	\$ 3,243	\$ 1,702	\$ 1,541	90.54%
Unrestricted	332,375	307,264	25,111	8.17%
Total net position	<u>\$ 335,618</u>	<u>\$ 308,966</u>	<u>\$ 26,652</u>	<u>8.63%</u>

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

	The year ended June 30, 2019	The year ended June 30, 2018	Amount of Change	Percentage Change
Operating revenues	\$ 281,900	\$ 263,145	\$ 18,755	7.13%
Operating expenses	(260,864)	(238,931)	(21,933)	9.18%
Non-operating revenues	5,616	1,159	4,457	384.56%
Change in net position	<u>\$ 26,652</u>	<u>\$ 25,373</u>	<u>\$ 1,279</u>	<u>5.04%</u>
Ending net position	<u>\$ 335,618</u>	<u>\$ 308,966</u>	<u>\$ 26,652</u>	<u>8.63%</u>

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	The year ended June 30, 2019	The year ended June 30, 2018	Amount of Change	Percentage Change
Application fees	\$ 18,650	\$ 15,900	\$ 2,750	17.30%
Licensing fees (including late fees)	262,860	246,780	16,080	6.52%
Other operating income	390	465	(75)	-16.13%
Total	<u>\$ 281,900</u>	<u>\$ 263,145</u>	<u>\$ 18,755</u>	<u>7.13%</u>

The following is a comparative breakdown of non-operating revenues by source. Further discussion of this is included in the preceding section entitled "Financial Highlights."

	The year ended June 30, 2019	The year ended June 30, 2018	Amount of Change	Percentage Change
Interest income	\$ 5,616	\$ 1,159	\$ 4,457	384.56%
Total	<u>\$ 5,616</u>	<u>\$ 1,159</u>	<u>\$ 4,457</u>	<u>384.56%</u>

Events Affecting Future Operations

Licensure numbers again grew in 2018-2019. The Board's 2016 investment in an online licensing system continues to benefit applicants, the public, and the Board. Many processes have been automated, saving time and providing cost-savings for applicants, licensees, and the Board.

In the 2018 Short Session HB357 was passed by the Senate with minor amendments to correct dates, and Board positions. It was returned to the House where it was again passed, and then signed into law as Session Law 2018-91 by Governor Cooper on June 25, 2018. All but one section of the law went into effect July 1, 2018. Section 12 of the Act went into effect on October 1, 2018.

Noting that HB357 amended the Dietetics/Nutrition Practice Act in a number of ways, the Board has been working to make significant changes to Title 21, Chapter 17 of the North Carolina Administrative Code. Some of these revised rules will go into effect August 1, 2019. Not having clear rules addressing licensure applications under the new pathway to licensure provided in North Carolina General Statute 90-357.5c has presented many challenges. The Board plans to continue to work on necessary rule changes in 2019-2020. The Board anticipates an increase in legal fees in the coming year related to licensing questions and issues.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Events Affecting Future Operations (Continued)

Additionally, with the passage of SL 2018-91, the Board is now required to collect the criminal history record check fees required by the Department of Public Safety, and to remit such fees to the Department of Public Safety for expenses associated with conducting the criminal history record checks. Implementing the criminal history record check process has presented some hurdles, but the Board was audited by the FBI in March of 2019, and it received a favorable report regarding its newly implemented processes. The Board is now working with the State Bureau of Investigation to ensure compliance with all technical requirements. The Board anticipates that issues related to technical compliance will be resolved in 2019-2020.

The Board is comprised of seven Board members. Board members are appointed for three-year terms, and may serve two consecutive terms. Due to Board membership requirements changing under Session Law 2018-91, three new members were appointed to the Board under this law. Additionally, one Board member's second term expired in 2018, and thus she was also replaced. The first term of one current Board member expired June 30, 2019. Noting this member has moved out-of-state, and thus no longer meets the requirements of the position, this member will need to be replaced. This is the only change in Board member composition that the Board anticipates in fiscal year 2019-2020.

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.

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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 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, 2019 and 2018, 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 our 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, 2019 and 2018, 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

July 24, 2019

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

	June 30, 2019	June 30, 2018
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 407,799	\$ 304,094
Prepaid expenses (Note 1)	3,375	3,454
Total current assets	411,174	307,548
Capital assets (Notes 1 and 4):		
Office and computer equipment	3,243	1,702
Total capital assets - net of depreciation	3,243	1,702
Other assets:		
Investments (Notes 1 and 2)	110,230	175,154
Accrued interest receivable (on investments)	137	209
Security deposit (on rental of office space)	1,100	1,100
Total other assets	111,467	176,463
TOTAL ASSETS	\$ 525,884	\$ 485,713
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable - operations (Note 5)	\$ 2,166	\$ 523
Due to other state agencies (Note 5)	2,584	
Accrued payroll (including payroll taxes and related costs)	3,383	3,742
Accrued vacation (Notes 1 and 7)	3,555	3,183
Unearned revenue (Note 1)	165,900	159,750
Total current liabilities	177,588	167,198
Long term liabilities:		
Accrued vacation (Notes 1 and 7)	12,678	9,549
Total long term liabilities	12,678	9,549
TOTAL LIABILITIES	190,266	176,747
NET POSITION (NOTE 1)		
Invested in capital assets	3,243	1,702
Unrestricted net position	332,375	307,264
TOTAL NET POSITION	335,618	308,966
TOTAL LIABILITIES AND NET POSITION	\$ 525,884	\$ 485,713

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Fees, licenses, and fines:		
Application fees	\$ 18,650	\$ 15,900
Licensing fees (including late fees)	262,860	246,780
Other operating income	<u>390</u>	<u>465</u>
Total operating revenues	\$ 281,900	\$ 263,145
OPERATING EXPENSES:		
Personal services (and board members expenses):		
Salaries and wages - staff (including accumulated leave)	\$ 143,761	\$ 133,663
Payroll taxes	11,597	10,862
Retirement (Note 8)	8,440	7,850
Employee benefits	20,776	20,524
Board members expenses	7,834	4,981
Supplies and materials:		
Office supplies and expenses	981	641
Services:		
Legal fees	5,090	2,635
Audit and accounting fees	6,395	7,535
Website and related expenses	2,555	350
Data processing fees (to outside agents)	2,434	1,970
Data processing services	6,000	6,000
Staff travel expenses	280	1,086
Board meeting expenses	748	245
Printing and copying	2,383	1,332
Postage and freight	2,619	2,199
Telephone/fax	180	180
Bank charges (including discount fees)	6,878	5,407
Depreciation	812	1,383
Insurance	15,395	15,130

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING EXPENSES (CONTINUED):		
Other expenses:		
Rent for office space (Note 6)	14,509	14,124
Miscellaneous expenses	<u>1,197</u>	<u>834</u>
Total operating expenses	<u>\$ 260,864</u>	<u>\$ 238,931</u>
 Operating income (loss)	 \$ 21,036	 \$ 24,214
 NON-OPERATING REVENUES (EXPENSES):		
Interest income [including unrealized gain (loss) on certificates of deposit in the secondary market] (Note 1)	<u>\$ 5,616</u>	<u>\$ 1,159</u>
Total non-operating revenues	<u>\$ 5,616</u>	<u>\$ 1,159</u>
 Change in net position	 <u>\$ 26,652</u>	 <u>\$ 25,373</u>
 Net position - beginning of year	 <u>308,966</u>	 <u>283,593</u>
 Net position - end of year	 <u><u>\$ 335,618</u></u>	 <u><u>\$ 308,966</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees	\$ 287,660	\$ 270,180
Cash received from other operating revenues	390	465
Cash payments to employee(s) for services	(181,432)	(177,973)
Cash payments for operating expenses	(71,172)	(59,654)
Net cash provided (used) by operating activities	<u>\$ 35,446</u>	<u>\$ 33,018</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	\$ (2,353)	\$
Net cash used in capital and related financing activities	<u>\$ (2,353)</u>	<u>\$ 0</u>
Cash flows from investing activities:		
Earnings on investments	\$ 3,612	\$ 2,842
Transfers from (to) investments	67,000	26,000
Transfers from (to) investments		(25,000)
Net cash provided (used) by investing activities	<u>\$ 70,612</u>	<u>\$ 3,842</u>
Net increase (decrease) in cash	<u>\$ 103,705</u>	<u>\$ 36,860</u>
Cash - beginning of year	<u>304,094</u>	<u>267,234</u>
Cash - end of year	<u><u>\$ 407,799</u></u>	<u><u>\$ 304,094</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income (loss)	\$ 21,036	\$ 24,214
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Depreciation	\$ 812	\$ 1,383
Changes in assets and liabilities:		
Prepaid expenses and other assets	79	(99)
Accounts payable	4,227	113
Other liabilities	3,142	(93)
Unearned revenue	6,150	7,500
Total adjustments	\$ 14,410	\$ 8,804
Net cash provided (used) by operating activities	\$ 35,446	\$ 33,018

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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 Comprehensive Annual Financial Report (CAFR).

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 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.

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, 2019 AND 2018

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, 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.

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 (when applicable).

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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 are transferred and added to sick leave balances. Accumulated earned vacation payable at June 30, 2019 and 2018, consisted of the following:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Current portion	\$ 3,555	\$ 3,183
Long-term portion	<u>12,678</u>	<u>9,549</u>
Total	<u>\$ 16,233</u>	<u>\$ 12,732</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 \$20,233 at June 30, 2019 and \$13,680 at June 30, 2018.

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 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 - 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*.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

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

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 formal written policies regarding custodial credit risk for deposits.

At June 30, 2019, the Board's deposits had a carrying amount of \$518,029 and a bank balance of \$515,277, which was covered by federal depository insurance. Certificates of deposit in the amount of \$110,230 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position. At June 30, 2018, the Board's deposits had a carrying amount of \$479,248 and a bank balance of \$479,248, which was covered by federal depository insurance. Certificates of deposit in the amount of \$175,154 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position.

The Board had interest earnings of \$5,616 for the year ended June 30, 2019 (including an unrealized gain of \$2,076 on certificates of deposit in the secondary market) and \$1,159 for the year ended June 30, 2018 (net of an unrealized loss of \$1,713 on certificates of deposit in the secondary market).

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

Note 2 - Deposits and Investments (Continued)

Investments

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 deposits with maturities of no more than 48 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 - 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.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. The Board places no limit on the amount that may be invested in any one issuer.

The following table presents fair value of investments by type and investment subject to interest rate risk and credit risk at June 30, 2019, for the Board's investments.

Investment Type	Fair Value	Properties of Debt Securities	
		Weighted Average Maturities	Ratings
Securities:			
Certificates of Deposit	\$ 110,230	17.8 Months	N/A

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

Note 2 - Deposits and Investments (Continued)

Reconciliation of Deposits and Investments

A reconciliation of deposits and investments for the Board to the basic financial statements at June 30, 2019 and 2018, is as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Carrying Amount of Bank Deposits	\$ 407,799	\$ 304,094
Certificates of Deposits	110,230	175,154
Total Deposits and Investments	<u>\$ 518,029</u>	<u>\$ 479,248</u>
Current:		
Cash and Cash Equivalents	\$ 407,799	\$ 304,094
Noncurrent:		
Investments	110,230	175,154
Total Deposits and Investments	<u>\$ 518,029</u>	<u>\$ 479,248</u>

Note 3 - Fair Value Measurements

Fair value, as defined under GASB 72, Fair Value Measurement and Application, is an exit price representing the price that would be received to sell or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

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

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

Note 3 - Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Board's financial assets and liabilities accounted for at fair value on a recurring basis as of June 30, 2019 and 2018.

2019				
	Total Fair Value	Level 1	Level 2	Level 3
Negotiable certificates of deposit	\$ 110,230	\$ -	\$ 110,230	\$ -

2018				
	Total Fair Value	Level 1	Level 2	Level 3
Negotiable certificates of deposit	\$ 175,154	\$ -	\$ 175,154	\$ -

Note 4 - Capital Assets

Changes in capital assets as of and for the years ended June 30, 2019 and 2018 are as follows:

	Cost 06-30-18	Acquisitions	Disposals	Cost 06-30-19	Accumulated Depreciation	Net Amount
Office/computer equipment	\$ 13,038	\$ 2,353	\$ -	\$ 15,391	\$ 12,148	\$ 3,243
	\$ 13,038	\$ 2,353	\$ 0	\$ 15,391	\$ 12,148	\$ 3,243

	Cost 06-30-17	Acquisitions	Disposals	Cost 06-30-18	Accumulated Depreciation	Net Amount
Office/computer equipment	\$ 13,038	\$ -	\$ -	\$ 13,038	\$ 11,336	\$ 1,702
	\$ 13,038	\$ 0	\$ 0	\$ 13,038	\$ 11,336	\$ 1,702

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 \$812 for the fiscal year ended June 30, 2019 and \$1,383 for the year ended June 30, 2018.

Note 5 - Accounts Payable

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

	June 30, 2019	June 30, 2018
Due to Vendors	\$ 2,166	\$ 523
Due to Other State Agencies	2,584	
Total Accounts Payable	\$ 4,750	\$ 523

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

Note 6 - Operating Lease

The Board leased office space under an operating lease. Total rent expense (including utilities and supplemental charges) charged to operations under the lease and supplemental service agreement was \$14,509 in 2019 and \$14,124 in 2018.

Rental commitments under the noncancellable operating lease (including utilities and supplemental charges) at June 30, 2019 are as follows:

Year Ended June 30,

2020	\$	14,373
2021		14,752
2022		15,195
2023		1,270
	\$	<u>45,590</u>

Note 7 - Non-Current Liabilities

A summary of changes in non-current liabilities for the years ended June 30, 2019 and 2018 follows:

	Balance 06-30-18	Additions	Deletions	Balance 06-30-19	Current	Non- Current
Compensated absences	\$ 12,732	\$ 6,336	\$ 2,835	\$ 16,233	\$ 3,555	\$ 12,678
	<u>\$ 12,732</u>	<u>\$ 6,336</u>	<u>\$ 2,835</u>	<u>\$ 16,233</u>	<u>\$ 3,555</u>	<u>\$ 12,678</u>

	Balance 06-30-17	Additions	Deletions	Balance 06-30-18	Current	Non- Current
Compensated absences	\$ 12,945	\$ 4,603	\$ 4,816	\$ 12,732	\$ 3,183	\$ 9,549
	<u>\$ 12,945</u>	<u>\$ 4,603</u>	<u>\$ 4,816</u>	<u>\$ 12,732</u>	<u>\$ 3,183</u>	<u>\$ 9,549</u>

Note 8- 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. 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, 2019 was \$140,664; the Board's total payroll was \$143,761. The Board's pension contribution amounted to \$8,440 for 2019. The Board's payroll for employee(s) covered by the plan for the year ended June 30, 2018 was \$130,841; the Board's total payroll was \$133,663. The Board's pension contribution amounted to \$7,850 for 2018. The Board had no outstanding liabilities to the plan at June 30, 2019 and 2018. 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.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

Note 9 - 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.

Note 10 - 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 were filed during the last three fiscal years.

Note 11 - Subsequent Events

Subsequent events have been evaluated through July 24, 2019, 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 12 - North Carolina Legislative Statutory Disclosure Requirement Concerning Audit Fees

This audit required 86 audit hours at a cost of \$7,595.