

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

**Financial Statements for the
Years Ended June 30, 2020 and 2019 and
Independent Auditor's Report**

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

Financial Statements for the Years Ended June 30, 2020 and 2019 and Independent Auditor's Report

BOARD MEMBERS (2019-2020)

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

Ananya B. Sen, MD, Vice-Chairperson

Susana Analia Camarasa, MS, CNS, LN, Secretary

Kim Iles, MS, RD, LDN, Treasurer

Amy D. Beros, MBA

Amanda S. Holliday, MS, RD, LDN

Christina Wilson, MS, CNS, LN

EXECUTIVE OFFICER (2019-2020)

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, 2020 and 2019. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2020, the Board's net position increased by \$1,135, or .34%, due primarily to the Board's operating revenues exceeding its operating expenses. 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 2020, the operating revenues of the Board increased by \$950, or .34%, due primarily to an increase in licensing fee revenue. 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 2020, the non-operating revenues of the Board decreased by \$459, or 8.17%, due primarily to valuation adjustments to certificates of deposit in the secondary market. 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 2020, the operating expenses of the Board increased by \$26,008, or 9.97%, due primarily to an increase in salaries and wages expenses, legal fees, other contracted services, and bank processing fees. 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.

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, 2020	Current Year as of and for the year ended June 30, 2019
Current assets	\$ 405,257	\$ 411,174
Capital assets	2,342	3,243
Other assets	131,993	111,467
Total assets	<u>\$ 539,592</u>	<u>\$ 525,884</u>
Current liabilities	\$ 188,534	\$ 177,588
Long-term liabilities	14,305	12,678
Total liabilities	<u>\$ 202,839</u>	<u>\$ 190,266</u>
Invested in capital assets	\$ 2,342	\$ 3,243
Unrestricted	334,411	332,375
Total net position	<u>\$ 336,753</u>	<u>\$ 335,618</u>
Operating revenues	\$ 282,850	\$ 281,900
Operating expenses	(286,872)	(260,864)
Operating income	(4,022)	21,036
Non-operating revenues	5,157	5,616
Change in net position	<u>\$ 1,135</u>	<u>\$ 26,652</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 \$336,753 for the year ended June 30, 2020. The largest component of net position was cash and investments. Cash and investments represented 158.11% of total net position. Current assets consist of cash and prepaid costs. Noncurrent assets consist of capital assets (net of accumulated depreciation), long term investments and prepaid costs. 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, 2020	Current Year as of June 30 2019	Amount of Change	Percentage Change
Current assets	\$ 405,257	\$ 411,174	\$ (5,917)	-1.44%
Capital assets	2,342	3,243	(901)	-27.78%
Other assets	131,993	111,467	20,526	18.41%
Total assets	<u>\$ 539,592</u>	<u>\$ 525,884</u>	<u>\$ 13,708</u>	<u>2.61%</u>
Current liabilities	\$ 188,534	\$ 177,588	\$ 10,946	6.16%
Long term liabilities	14,305	12,678	1,627	12.83%
Total liabilities	<u>\$ 202,839</u>	<u>\$ 190,266</u>	<u>\$ 12,573</u>	<u>6.61%</u>
Invested in capital assets	\$ 2,342	\$ 3,243	\$ (901)	-27.78%
Unrestricted	334,411	332,375	2,036	0.61%
Total net position	<u>\$ 336,753</u>	<u>\$ 335,618</u>	<u>\$ 1,135</u>	<u>0.34%</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, 2020	The year ended June 30, 2019	Amount of Change	Percentage Change
Operating revenues	\$ 282,850	\$ 281,900	\$ 950	0.34%
Operating expenses	(286,872)	(260,864)	(26,008)	9.97%
Non-operating revenues	5,157	5,616	(459)	-8.17%
Change in net position	<u>\$ 1,135</u>	<u>\$ 26,652</u>	<u>\$ (25,517)</u>	<u>-95.74%</u>
Ending net position	<u>\$ 336,753</u>	<u>\$ 335,618</u>	<u>\$ 1,135</u>	<u>0.34%</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, 2020	The year ended June 30, 2019	Amount of Change	Percentage Change
Application fees	\$ 17,000	\$ 18,650	\$ (1,650)	-8.85%
Licensing fees (including late fees)	265,310	262,860	2,450	0.93%
Duplicate license fees	540	390	150	38.46%
Total	<u>\$ 282,850</u>	<u>\$ 281,900</u>	<u>\$ 950</u>	<u>0.34%</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, 2020	The year ended June 30, 2019	Amount of Change	Percentage Change
Interest income	\$ 5,157	\$ 5,616	\$ (459)	-8.17%
Total	<u>\$ 5,157</u>	<u>\$ 5,616</u>	<u>\$ (459)</u>	<u>-8.17%</u>

Events Affecting Future Operations

Despite the Covid-19 pandemic, the North Carolina Board of Dietetics/Nutrition ("the Board") continued to issue new licenses, and completed its renewal cycle. Noting the challenges this pandemic presented, the Board elected not to charge a late fee this year for all licensees who renewed late. The Board saw an increase in its licensees again this year, and anticipates continued growth in the fiscal year ended June 30, 2021.

After a successful transition to virtual operation due to the Covid-19 outbreak in the spring of 2020, in September of 2020 the Board decided to make virtual operations permanent. At present, the Board is in the process of scanning records and transferring records to State Archives in accordance with the State Functional Records Retention schedule. Effective December 31, 2020, the Board will be vacating its current office space located at 140 Preston Executive Drive in Cary, NC. Starting January 1, 2021, all staff will be based remotely, and Board meetings will be conducted virtually. Should the need for physical space arise for hearings or in-person meetings, the Board intends to utilize the existing space maintained by other occupational licensing boards.

The Board continues to navigate implementation of North Carolina General Statute. § 90-357.5(c). The Board anticipates that legal expenses will again be higher than in some recent years due to the need for consultation on novel legal issues and/or applicant requests for hearings.

Finally, in 2021, the Board anticipates some additional rule changes, but what rules require amending and specific language has not yet been decided. These changes may also impact legal costs.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2020 and 2019, 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, 2020 and 2019, 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 3, 2020

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	June 30, 2020	June 30, 2019
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 401,013	\$ 407,799
Security deposit (on rental of office space)	1,100	
Prepaid expenses (Note 1)	3,144	3,375
Total current assets	405,257	411,174
Capital assets (Notes 1 and 4):		
Office and computer equipment	2,342	3,243
Total capital assets - net of depreciation	2,342	3,243
Other assets:		
Investments (Notes 1 and 2)	131,418	110,230
Accrued interest receivable (on investments)	575	137
Security deposit (on rental of office space)		1,100
Total other assets	131,993	111,467
TOTAL ASSETS	\$ 539,592	\$ 525,884
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable - operations (Note 5)	\$ 1,117	\$ 2,166
Due to other state agencies (Note 5)	3,952	2,584
Accrued payroll (including payroll taxes and related costs)	3,647	3,383
Accrued vacation (Notes 1 and 7)	4,768	3,555
Unearned revenue (Note 1)	175,050	165,900
Total current liabilities	188,534	177,588
Long term liabilities:		
Accrued vacation (Notes 1 and 7)	14,305	12,678
Total long term liabilities	14,305	12,678
TOTAL LIABILITIES	202,839	190,266
NET POSITION (NOTE 1)		
Invested in capital assets	2,342	3,243
Unrestricted net position	334,411	332,375
TOTAL NET POSITION	336,753	335,618
TOTAL LIABILITIES AND NET POSITION	\$ 539,592	\$ 525,884

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Fees, licenses, and fines:		
Application fees	\$ 17,000	\$ 18,650
Licensing fees (including late fees)	265,310	262,860
Duplicate license fees	<u>540</u>	<u>390</u>
Total operating revenues	\$ 282,850	\$ 281,900
OPERATING EXPENSES:		
Personal services (and board members expenses):		
Salaries and wages - staff (including accumulated leave)	\$ 150,633	\$ 143,761
Payroll taxes	12,035	11,597
Retirement (Note 8)	8,839	8,440
Employee benefits	21,530	20,776
Board members expenses	6,694	7,834
Supplies and materials:		
Office supplies and expenses	632	981
Services:		
Legal fees	18,040	5,090
Audit and accounting fees	7,295	6,395
Website and related expenses		2,555
Data processing fees (to outside agents)	4,413	2,434
Data processing services	6,000	6,000
Other contracted services (Temporary Covid-19 CHRI Report)	2,691	
Staff travel expenses	224	280
Board meeting expenses	240	748
Printing and copying	1,221	2,383
Postage and freight	2,361	2,619
Telephone/fax	827	180
Bank charges (including discount fees)	10,492	6,878
Depreciation	901	812
Insurance	16,175	15,395

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING EXPENSES (CONTINUED):		
Other expenses:		
Rent for office space (Note 6)	14,373	14,509
Miscellaneous expenses	<u>1,256</u>	<u>1,197</u>
Total operating expenses	<u>\$ 286,872</u>	<u>\$ 260,864</u>
 Operating income (loss)	 \$ (4,022)	 \$ 21,036
 NON-OPERATING REVENUES (EXPENSES):		
Interest income [including unrealized gain (loss) on certificates of deposit in the secondary market] (Note 1)	<u>\$ 5,157</u>	<u>\$ 5,616</u>
Total non-operating revenues	<u>\$ 5,157</u>	<u>\$ 5,616</u>
 Change in net position	 <u>\$ 1,135</u>	 <u>\$ 26,652</u>
 Net position - beginning of year	 <u>335,618</u>	 <u>308,966</u>
 Net position - end of year	 <u><u>\$ 336,753</u></u>	 <u><u>\$ 335,618</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees	\$ 292,000	\$ 288,050
Cash payments to employee(s) for services	(189,933)	(181,432)
Cash payments for operating expenses	(92,384)	(71,172)
Net cash provided (used) by operating activities	<u>\$ 9,683</u>	<u>\$ 35,446</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>\$</u>	<u>\$ (2,353)</u>
Net cash used in capital and related financing activities	<u>\$ 0</u>	<u>\$ (2,353)</u>
Cash flows from investing activities:		
Earnings on investments	\$ 3,531	\$ 3,612
Transfers from (to) investments	105,000	67,000
Transfers from (to) investments	(125,000)	
Net cash provided (used) by investing activities	<u>\$ (16,469)</u>	<u>\$ 70,612</u>
Net increase (decrease) in cash	<u>\$ (6,786)</u>	<u>\$ 103,705</u>
Cash - beginning of year	<u>407,799</u>	<u>304,094</u>
Cash - end of year	<u><u>\$ 401,013</u></u>	<u><u>\$ 407,799</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income (loss)	\$ (4,022)	\$ 21,036
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Depreciation	\$ 901	\$ 812
Changes in assets and liabilities:		
Prepaid expenses and other assets	231	79
Accounts payable	319	4,227
Other liabilities	3,104	3,142
Unearned revenue	9,150	6,150
Total adjustments	\$ 13,705	\$ 14,410
Net cash provided (used) by operating activities	\$ 9,683	\$ 35,446

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

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, 2020 AND 2019

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, 2020 AND 2019

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, 2020 and 2019, consisted of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Current portion	\$ 4,768	\$ 3,555
Long-term portion	<u>14,305</u>	<u>12,678</u>
Total	<u>\$ 19,073</u>	<u>\$ 16,233</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 \$13,770 at June 30, 2020 and \$20,233 at June 30, 2019.

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, 2020 AND 2019

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

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, 2020, the Board's deposits had a carrying amount of \$532,431 and a bank balance of \$530,756, which was covered by federal depository insurance. Certificates of deposit in the amount of \$131,418 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position. 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.

The Board had interest earnings of \$5,157 for the year ended June 30, 2020 (including an unrealized gain of \$1,187 on certificates of deposit in the secondary market) and \$5,616 for the year ended June 30, 2019 (net of an unrealized loss of \$2,076 on certificates of deposit in the secondary market).

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 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 deposits and money market mutual funds.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

Note 2 - Deposits and Investments (Continued)

Investment Type	Fair Value	Properties of Debt Securities	
		Weighted Average Maturities	Ratings
Securities:			
Certificates of Deposit	\$ 131,418	30.00 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, 2020 and 2019, is as follows:

	June 30, 2020	June 30, 2019
Carrying Amount of Bank Deposits	\$ 401,013	\$ 407,799
Certificates of Deposits	131,418	110,230
Total Deposits and Investments	<u>\$ 532,431</u>	<u>\$ 518,029</u>
Current:		
Cash and Cash Equivalents	\$ 401,013	\$ 407,799
Noncurrent:		
Investments	131,418	110,230
Total Deposits and Investments	<u>\$ 532,431</u>	<u>\$ 518,029</u>

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

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.

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, 2020 and 2019.

2020				
	Total			
	Fair Value	Level 1	Level 2	Level 3
Negotiable certificates of deposit	\$ 131,418	\$ -	\$ 131,418	\$ -
2019				
	Total			
	Fair Value	Level 1	Level 2	Level 3
Negotiable certificates of deposit	\$ 110,230	\$ -	\$ 110,230	\$ -

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

Note 4 - Capital Assets

Changes in capital assets as of and for the years ended June 30, 2020 and 2019 are as follows:

	Cost 06-30-19	Acquisitions	Disposals	Cost 06-30-20	Accumulated Depreciation	Net Amount
Office/computer equipment	\$ 15,391	\$ -	\$ -	\$ 15,391	\$ 13,049	\$ 2,342
	<u>\$ 15,391</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,391</u>	<u>\$ 13,049</u>	<u>\$ 2,342</u>

	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
	<u>\$ 13,038</u>	<u>\$ 2,353</u>	<u>\$ 0</u>	<u>\$ 15,391</u>	<u>\$ 12,148</u>	<u>\$ 3,243</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 \$901 for the fiscal year ended June 30, 2020 and \$812 for the year ended June 30, 2019.

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.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Due to Vendors	\$ 1,117	\$ 2,166
Due to Other State Agencies	3,952	2,584
Total Accounts Payable	<u>\$ 5,069</u>	<u>\$ 4,750</u>

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 \$14,373 in 2020 and \$14,509 in 2019.

Rental commitments under the noncancellable operating lease (including utilities and supplemental charges) at June 30, 2020 are as follows:

Year Ended June 30,

2021	\$ 7,358
	<u>\$ 7,358</u>

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

Note 7 - Non-Current Liabilities

A summary of changes in non-current liabilities for the years ended June 30, 2020 and 2019 follows:

	Balance			Balance		Non-
	06-30-19	Additions	Deletions	06-30-20	Current	Current
Compensated absences	\$ 16,233	\$ 10,777	\$ 7,937	\$ 19,073	\$ 4,768	\$ 14,305
	\$ 16,233	\$ 10,777	\$ 7,937	\$ 19,073	\$ 4,768	\$ 14,305

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

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, 2020 was \$147,315; the Board's total payroll was \$150,633. The Board's pension contribution amounted to \$8,839 for 2020. 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 had no outstanding liabilities to the plan at June 30, 2020 and 2019. 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 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 (other than claims by employees for health coverage) were filed during the last three fiscal years.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

Note 11 - Changes in Financial Accounting and Reporting

GASB Statement No. 95 provides temporary relief to government entities in light of the Covid-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. Accordingly, the Board did not implement relevant provisions.

Note 12 - Subsequent Events

Subsequent events have been evaluated through September 3, 2020, 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 88 audit hours at a cost of \$7,995.