

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

**Financial Statements for the
Years Ended June 30, 2021 and 2020 and
Independent Auditor's Report**

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

Financial Statements for the Years Ended June 30, 2021 and 2020 and Independent Auditor's Report

BOARD MEMBERS (2020-2021)

Ananya B. Sen, MD, Chairperson

Amanda S. Holliday, MS, RD, LDN, Vice-Chairperson

Susana Analia Camarasa, MS, CNS, LN, Secretary

Amy D. Beros, MBA, Treasurer

Christie Nicholson, MS, RD, LDN

Patricia E. Pitts, MS, RD, LDN

Christina C. Wilson, MS, CNS, LN

EXECUTIVE OFFICER (2020-2021)

Charla M. 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 - 5
INDEPENDENT AUDITOR’S REPORT	6 - 7
FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020	
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Net Position	9 - 10
Statements of Cash Flows	11 - 12
Notes to Financial Statements	13 - 20

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, 2021 and 2020. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2021, the Board's net position increased by \$34,032, or 10.11%, due primarily to the Board's operating revenues exceeding its operating expenses. 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 2021, the operating revenues of the Board increased by \$21,230, or 7.51%, due primarily to an increase in licensing fee revenue. During 2020, the operating revenues of the Board increased by \$950, or .34%, due primarily to an increase in licensing fee revenue.

During 2021, the non-operating revenues of the Board decreased by \$4,541, or 88.06%, due primarily to valuation adjustments to certificates of deposit in the secondary market and a decrease in interest earning rates during the current fiscal year. 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 2021, the operating expenses of the Board decreased by \$16,208, or 5.65%, due primarily to a decrease in legal fees, board member expenses and office rent. 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.

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, 2021	Prior Year as of and for the year ended June 30, 2020
Current assets	\$ 553,820	\$ 405,257
Capital assets	1,381	2,342
Other assets	25,519	131,993
Total assets	<u>\$ 580,720</u>	<u>\$ 539,592</u>
Current liabilities	\$ 196,037	\$ 188,534
Long-term liabilities	13,898	14,305
Total liabilities	<u>\$ 209,935</u>	<u>\$ 202,839</u>
Invested in capital assets	\$ 1,381	\$ 2,342
Unrestricted	369,404	334,411
Total net position	<u>\$ 370,785</u>	<u>\$ 336,753</u>
Operating revenues	\$ 304,080	\$ 282,850
Operating expenses	(270,664)	(286,872)
Operating income	33,416	(4,022)
Non-operating revenues	616	5,157
Change in net position	<u>\$ 34,032</u>	<u>\$ 1,135</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 \$370,785 for the year ended June 30, 2021. The largest component of net position was cash and investments. Cash and investments represented 155.27% of total net position. Current assets consist of cash and prepaid costs. Noncurrent assets consist of capital assets (net of accumulated depreciation) and long term investments. Capital assets are not a significant component of assets 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, 2021	Prior Year as of June 30, 2020	Amount of Change	Percentage Change
Current assets	\$ 553,820	\$ 405,257	\$ 148,563	36.66%
Capital assets	1,381	2,342	(961)	-41.03%
Other assets	25,519	131,993	(106,474)	-80.67%
Total assets	<u>\$ 580,720</u>	<u>\$ 539,592</u>	<u>\$ 41,128</u>	<u>7.62%</u>
Current liabilities	\$ 196,037	\$ 188,534	\$ 7,503	3.98%
Long term liabilities	13,898	14,305	(407)	-2.85%
Total liabilities	<u>\$ 209,935</u>	<u>\$ 202,839</u>	<u>\$ 7,096</u>	<u>3.50%</u>
Invested in capital assets	\$ 1,381	\$ 2,342	\$ (961)	-41.03%
Unrestricted	369,404	334,411	34,993	10.46%
Total net position	<u>\$ 370,785</u>	<u>\$ 336,753</u>	<u>\$ 34,032</u>	<u>10.11%</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, 2021	The year ended June 30, 2020	Amount of Change	Percentage Change
Operating revenues	\$ 304,080	\$ 282,850	\$ 21,230	7.51%
Operating expenses	(270,664)	(286,872)	16,208	-5.65%
Non-operating revenues	616	5,157	(4,541)	-88.06%
Change in net position	<u>\$ 34,032</u>	<u>\$ 1,135</u>	<u>\$ 32,897</u>	<u>2,898.41%</u>
Ending net position	<u>\$ 370,785</u>	<u>\$ 336,753</u>	<u>\$ 34,032</u>	<u>10.11%</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, 2021	The year ended June 30, 2020	Amount of Change	Percentage Change
Application fees	\$ 19,900	\$ 17,000	\$ 2,900	17.06%
Licensing fees	283,610	265,310	18,300	6.90%
Duplicate license fees	570	540	30	5.56%
Total	<u>\$ 304,080</u>	<u>\$ 282,850</u>	<u>\$ 21,230</u>	<u>7.51%</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, 2021	The year ended June 30, 2020	Amount of Change	Percentage Change
Interest income	\$ 1,447	\$ 3,970	\$ (2,523)	-63.55%
Unrealized gain (loss)	(901)	1,187	(2,088)	-175.91%
Gain (loss) of disposition of assets	70		70	100.00%
Total	<u>\$ 616</u>	<u>\$ 5,157</u>	<u>\$ (4,541)</u>	<u>-88.06%</u>

Events Affecting Future Operations

Once again, the North Carolina Board of Dietetics/Nutrition ("the Board") saw an increase in its licensees and anticipates continued growth in fiscal year 2021-2022. Noting the challenges the COVID-19 pandemic presented, as it did last year, the Board elected not to charge a late fee for all licensees who renewed late.

In fiscal year 2020-2021, the Board successfully transitioned to a virtual office located at: 1135 Kildaire Farm Road, Suite 200, Cary, NC 27511. At present the Board continues to meet monthly via Zoom, with electronic committee meetings scheduled as needed. Thus, the Board saw a cost savings in board member expenses in 2020-2021 due to no board member travel. Such savings are anticipated to continue. Records that require maintaining under the State's Functional Record Retention Schedule (the Schedule) were scanned, sent to State Archives, or if classified as "permanent" under the Schedule, were transferred to an offsite, temperature controlled, storage unit rented by the Board.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Events Affecting Future Operations (Continued)

The Board continues to navigate implementation of North Carolina Gen. Stat. § 90-357.5(c). Although legal fees decreased in fiscal year 2020-2021, noting recent and current matters, the Board anticipates legal expenses will again be higher in fiscal year 2021-2022 than in some recent years. Given the increase in occupational regulation litigation across the country, the novel legal questions the Board has dealt with, and the Board's limited reserves, even though the cost of its Directors and Officers liability coverage increased significantly for 2021-2022, the Board found it prudent to maintain such coverage. Given this recent substantial premium increase, legal counsel recommended the Board consider an increase in licensing fees to decrease the Board's dependence on independent insurance. This is something the Board will consider in fiscal year 2021-2022. It is noted the Board has not amended its licensing fees since 2003 and fees are still below the limits set in North Carolina Gen. Stat. § 90-364.

Finally, in fiscal year 2021-2022, the Board anticipates several rule changes, but specific language has not yet been decided. These changes may also impact legal costs.

Contacting the Board's Management

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact: North Carolina Board of Dietetics/Nutrition, 1135 Kildaire Farm Road, Suite 200, Cary, NC 27511.

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

Suite B1	Telephone: (919) 639-4825
800 N. Raleigh St.	Facsimile: (919) 639-3102
P.O. 1545	
Angier, North Carolina 27501-1545	

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, 2021 and 2020, 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.

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

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, 2021 and 2020, 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.

Other Matters - 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.



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

Angier, North Carolina

October 4, 2021

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	June 30, 2021	June 30, 2020
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 550,191	\$ 401,013
Security deposit (on rental of office space)		1,100
Prepaid expenses (Note 1)	<u>3,629</u>	<u>3,144</u>
Total current assets	553,820	405,257
Capital assets (Notes 1 and 4):		
Office and computer equipment	<u>1,381</u>	<u>2,342</u>
Total capital assets - net of depreciation	1,381	2,342
Other assets:		
Investments (Notes 1 and 2)	25,517	131,418
Accrued interest receivable (on investments)	<u>2</u>	<u>575</u>
Total other assets	25,519	131,993
TOTAL ASSETS	<u>\$ 580,720</u>	<u>\$ 539,592</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable - operations (Note 5)	\$ 868	\$ 1,117
Due to other state agencies (Note 5)	4,978	3,952
Accrued payroll (including payroll taxes and related costs)	3,758	3,647
Accrued vacation (Notes 1 and 7)	4,633	4,768
Unearned revenue (Note 1)	<u>181,800</u>	<u>175,050</u>
Total current liabilities	196,037	188,534
Long term liabilities:		
Accrued vacation (Notes 1 and 7)	<u>13,898</u>	<u>14,305</u>
Total long term liabilities	13,898	14,305
TOTAL LIABILITIES	<u>209,935</u>	<u>202,839</u>
NET POSITION (NOTE 1)		
Invested in capital assets	1,381	2,342
Unrestricted net position	<u>369,404</u>	<u>334,411</u>
TOTAL NET POSITION	<u>370,785</u>	<u>336,753</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 580,720</u>	<u>\$ 539,592</u>

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Fees, licenses, and fines:		
Application fees	\$ 19,900	\$ 17,000
Licensing fees	283,610	265,310
Duplicate license fees	<u>570</u>	<u>540</u>
Total operating revenues	\$ 304,080	\$ 282,850
OPERATING EXPENSES:		
Personal services (and board members expenses):		
Salaries and wages - staff (including accumulated leave)	\$ 155,451	\$ 150,633
Payroll taxes	12,198	12,035
Retirement (Note 8)	9,115	8,839
Employee benefits	21,137	21,530
Board members expenses	4,000	6,694
Supplies and materials:		
Office supplies and expenses	2,396	632
Services:		
Legal fees	1,473	18,040
Audit and accounting fees	7,995	7,295
Data processing fees (to outside agents)	4,398	4,413
Data processing services	6,000	6,000
Other contracted services (Temporary COVID-19 CHRI Report)	2,449	2,691
Staff travel expenses	148	224
Board meeting expenses	375	240
Printing and copying	1,674	1,221
Postage and freight	1,814	2,361
Telephone/fax	883	827
Bank charges (including discount fees)	10,903	10,492
Depreciation	901	901
Insurance	17,949	16,175

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING EXPENSES (CONTINUED):		
Other expenses:		
Office rent (Note 6)	8,193	14,373
Miscellaneous expenses	<u>1,212</u>	<u>1,256</u>
Total operating expenses	<u>\$ 270,664</u>	<u>\$ 286,872</u>
 Operating income (loss)	 \$ 33,416	 \$ (4,022)
 NON-OPERATING REVENUES (EXPENSES):		
Interest income [including unrealized gain (loss) on certificates of deposit in the secondary market] (Note 1)	\$ 546	\$ 5,157
Gain (loss) on disposition of capital assets	<u>70</u>	<u></u>
Total non-operating revenues	\$ 616	\$ 5,157
 Change in net position	 <u>\$ 34,032</u>	 <u>\$ 1,135</u>
 Net position - beginning of year	 <u>336,753</u>	 <u>335,618</u>
 Net position - end of year	 <u><u>\$ 370,785</u></u>	 <u><u>\$ 336,753</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees	\$ 310,830	\$ 292,000
Cash payments to employee(s) for services	(198,331)	(189,933)
Cash payments for operating expenses	(70,470)	(92,384)
Net cash provided (used) by operating activities	<u>\$ 42,029</u>	<u>\$ 9,683</u>
Cash flows from capital and related financing activities:		
Disposition of capital assets	<u>\$ 129</u>	<u>\$</u>
Net cash used in capital and related financing activities	<u>\$ 129</u>	<u>\$ 0</u>
Cash flows from investing activities:		
Earnings on investments	\$ 2,020	\$ 3,531
Transfers from (to) investments	105,000	105,000
Transfers from (to) investments	(125,000)	(125,000)
Net cash provided (used) by investing activities	<u>\$ 107,020</u>	<u>\$ (16,469)</u>
Net increase (decrease) in cash	<u>\$ 149,178</u>	<u>\$ (6,786)</u>
Cash - beginning of year	<u>401,013</u>	<u>407,799</u>
Cash - end of year	<u><u>\$ 550,191</u></u>	<u><u>\$ 401,013</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income (loss)	\$ 33,416	\$ (4,022)
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Depreciation	\$ 901	\$ 901
Changes in assets and liabilities:		
Prepaid expenses and other assets	615	231
Accounts payable	777	319
Other liabilities	(430)	3,104
Unearned revenue	6,750	9,150
Total adjustments	\$ 8,613	\$ 13,705
Net cash provided (used) by operating activities	\$ 42,029	\$ 9,683

See notes to financial statements.

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

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, 2021 AND 2020

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 and other office expenses (when applicable).

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021 and 2020, consisted of the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Current portion	\$ 4,633	\$ 4,768
Long-term portion	13,898	14,305
Total	<u>\$ 18,531</u>	<u>\$ 19,073</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 \$11,897 at June 30, 2021 and \$13,770 at June 30, 2020.

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, 2021 AND 2020

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, 2021, the Board's deposits had a carrying amount of \$575,708 and a bank balance of \$573,071, which was covered by federal depository insurance. Certificates of deposit in the amount of \$25,517 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position. 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.

The Board had interest earnings of \$546 for the year ended June 30, 2021 (including an unrealized loss of \$901 on certificates of deposit in the secondary market) and \$5,157 for the year ended June 30, 2020 (including an unrealized gain of \$1,187 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, 2021 AND 2020

Note 2 - Deposits and Investments (Continued)

Investment Type	Fair Values	Properties of Debt Securities	
		Weighted Avg Maturities	Ratings
Securities:			
Certificates of Deposit	\$ 25,517	12.00 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, 2021 and 2020, is as follows:

	June 30, 2021	June 30, 2020
Carrying Amount of Bank Deposits	\$ 550,191	\$ 401,013
Certificates of Deposits	25,517	131,418
Total Deposits and Investments	<u>\$ 575,708</u>	<u>\$ 532,431</u>
Current:		
Cash and Cash Equivalents	\$ 550,191	\$ 401,013
Noncurrent:		
Investments	25,517	131,418
Total Deposits and Investments	<u>\$ 575,708</u>	<u>\$ 532,431</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, 2021 AND 2020

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, 2021 and 2020.

2021				
	Total Fair Value	Level 1	Level 2	Level 3
Negotiable certificates of deposit	\$ 25,517	\$ -	\$ 25,517	\$ -

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

Note 4 - Capital Assets

Changes in capital assets as of and for the years ended June 30, 2021 and 2020 are as follows:

	Cost 06-30-20	Acquisitions	Disposals	Cost 06-30-21	Accumulated Depreciation	Net Amount
Office/computer equipment	\$ 15,391	\$ -	\$ 9,317	\$ 6,074	\$ 4,693	\$ 1,381
	\$ 15,391	\$ 0	\$ 9,317	\$ 6,074	\$ 4,693	\$ 1,381

	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
	\$ 15,391	\$ 0	\$ 0	\$ 15,391	\$ 13,049	\$ 2,342

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, 2021 and \$901 for the fiscal year ended June 30, 2020.

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, 2021	June 30, 2020
Due to Vendors	\$ 868	\$ 1,117
Due to Other State Agencies	4,978	3,952
Total Accounts Payable	\$ 5,846	\$ 5,069

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

Note 6 - Operating Lease

The Board leased physical office space under an operating lease through December of 2020. Due to the COVID-19 pandemic, the Board did not make use of its leased space for most of 2020. Realizing such space was not necessary for continued operations, in the fall of 2020, the Board took advantage of a written term it had added to its leasing agreement allowing it to end the lease without penalty, with a ninety-day written notice. Employees have worked from home since the spring of 2020 and board members have met virtually. A virtual office was set up effective November 1, 2020, and operates for a term of month to month tenancy. Also at this time, a small storage unit was rented to store permanent records; it also operates for a term of month to month tenancy. For these reasons there was a substantial decrease in lease expenses in 2021. Total rent expense (including utilities and supplemental charges) charged to operations under the various lease and supplemental service agreements was \$8,193 in 2021 and \$14,373 in 2020.

The Board has no rental commitments under a noncancellable operating lease (including utilities and supplemental charges) at June 30, 2021.

Note 7 - Non-Current Liabilities

A summary of changes in non-current liabilities for the years ended June 30, 2021 and 2020 follows:

	Balance at 06-30-20	Additions	Deletions	Balance at 06-30-21	Current	Non-Current
Compensated	\$ 19,073	\$ 8,422	\$ 8,964	\$ 18,531	\$ 4,633	\$ 13,898
Absences	\$ 19,073	\$ 8,422	\$ 8,964	\$ 18,531	\$ 4,633	\$ 13,898

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

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, 2021 was \$151,917; the Board's total payroll was \$155,451. The Board's pension contribution amounted to \$9,115 for 2021. 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 had no outstanding liabilities to the plan at June 30, 2021 and 2020. 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, 2021 AND 2020

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.

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 October 4, 2021, 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 84 audit hours at a cost of \$7,795.