

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

**Financial Statements for the
Years Ended June 30, 2022 and 2021 and
Independent Auditor's Report**

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

Financial Statements for the Years Ended June 30, 2022 and 2021 and Independent Auditor's Report

BOARD MEMBERS (2021-2022)

Ananya B. Sen, MD, Chairperson

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

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

Amy D. Beros, MBA, Treasurer

Susana Analia Camarasa, MS, CNS, LN

Christie Nicholson, MS, RD, LDN

Karen Thomas, MS, RDH, CNS, LN

EXECUTIVE OFFICER (2021-2022)

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

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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, 2022 and 2021. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2022, the Board's net position increased by \$15,114, or 4.08%, due primarily to the Board's operating revenues exceeding its operating expenses. 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 2022, the operating revenues of the Board increased by \$31,380, or 10.32%, due primarily to an increase in licensing fee and application fee revenues. 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 2022, the non-operating revenues of the Board increased by \$660, or 107.14%, due primarily to an increase in funds invested in certificates of deposit in the secondary market during the current fiscal year. During 2021, the non-operating revenues of the Board decreased by \$4,541, or 88.06%, due primarily to a decrease in valuation adjustments to certificates of deposit in the secondary market, a decrease in interest earning rates during the prior fiscal year, and a decrease in investments on hand. As the certificates of deposit matured, the Board chose not to reinvest in new certificates of deposit due to such low rates.

During 2022, the operating expenses of the Board increased by \$50,958, or 18.83%, due primarily to an increase in legal fees and insurance expense. 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.

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, 2022	Prior Year as of and for the year ended June 30, 2021
Current assets	\$ 319,805	\$ 553,820
Capital assets	695	1,381
Other assets	293,358	25,519
Total assets	<u>\$ 613,858</u>	<u>\$ 580,720</u>
Current liabilities	\$ 211,130	\$ 196,037
Long-term liabilities	16,829	13,898
Total liabilities	<u>\$ 227,959</u>	<u>\$ 209,935</u>
Invested in capital assets	\$ 695	\$ 1,381
Unrestricted	385,204	369,404
Total net position	<u>\$ 385,899</u>	<u>\$ 370,785</u>
Operating revenues	\$ 335,460	\$ 304,080
Operating expenses	(321,622)	(270,664)
Operating income	13,838	33,416
Non-operating revenues	1,276	616
Change in net position	<u>\$ 15,114</u>	<u>\$ 34,032</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 \$385,899 for the year ended June 30, 2022. 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 157.36% of total net position at June 30, 2022. Cash and investments represented 155.27% of total net position at June 30, 2021. 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 investment in capital assets and unrestricted net position. Investment in capital assets is a component of net position and consists of capital assets net of depreciation. The following is a comparative summary of the Statements of Net Position.

	Current Year as of June 30, 2022	Prior Year as of June 30, 2021	Amount of Change	Percentage Change
Current assets	\$ 319,805	\$ 553,820	\$ (234,015)	-42.25%
Capital assets	695	1,381	(686)	-49.67%
Other assets	293,358	25,519	267,839	1049.57%
Total assets	<u>\$ 613,858</u>	<u>\$ 580,720</u>	<u>\$ 33,138</u>	<u>5.71%</u>
Current liabilities	\$ (211,130)	\$ (196,037)	\$ (15,093)	7.70%
Long term liabilities	(16,829)	(13,898)	(2,931)	21.09%
Total liabilities	<u>\$ (227,959)</u>	<u>\$ (209,935)</u>	<u>\$ (18,024)</u>	<u>8.59%</u>
Invested in capital assets	\$ 695	\$ 1,381	\$ (686)	-49.67%
Unrestricted	385,204	369,404	15,800	4.28%
Total net position	<u>\$ 385,899</u>	<u>\$ 370,785</u>	<u>\$ 15,114</u>	<u>4.08%</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, 2022	The year ended June 30, 2021	Amount of Change	Percentage Change
Operating revenues	\$ 335,460	\$ 304,080	\$ 31,380	10.32%
Operating expenses	(321,622)	(270,664)	(50,958)	18.83%
Non-operating revenues	1,276	616	660	107.14%
Change in net position	<u>\$ 15,114</u>	<u>\$ 34,032</u>	<u>\$ (18,918)</u>	<u>-55.59%</u>
Ending net position	<u>\$ 385,899</u>	<u>\$ 370,785</u>	<u>\$ 15,114</u>	<u>4.08%</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, 2022	The year ended June 30, 2021	Amount of Change	Percentage Change
Application fees	\$ 26,700	\$ 19,900	\$ 6,800	34.17%
Licensing fees	308,280	283,610	24,670	8.70%
Duplicate license fees	480	570	(90)	-15.79%
Total	<u>\$ 335,460</u>	<u>\$ 304,080</u>	<u>\$ 31,380</u>	<u>10.32%</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, 2022	The year ended June 30, 2021	Amount of Change	Percentage Change
Interest income	\$ 35	\$ 1,447	\$ (1,412)	-97.58%
Unrealized gain (loss)	1,241	(901)	2,142	-237.74%
Gain (loss) of disposition of assets		70	(70)	100.00%
Total	<u>\$ 1,276</u>	<u>\$ 616</u>	<u>\$ 660</u>	<u>107.14%</u>

Events Affecting Future Operations

The North Carolina Board of Dietetics/Nutrition (hereinafter "the NCBDN") saw an increase in its licensees in fiscal year 2021-2022 and anticipates continued growth in fiscal year 2022-2023. As it did in 2020 and 2021, due to the COVID-19 Pandemic, the NCBDN elected not to charge a late fee for all licensees who renewed late. It is anticipated that the NCBDN will return to charging the late fee for licensure renewal in 2022.

Operating virtually has allowed the NCBDN to continue to realize cost savings in rent, travel, and meeting expenses.

Over the past year, the NCBDN incurred legal fees greater than budgeted, mainly due to legal questions arising under implementation of North Carolina Gen. Stat. § 90-357.5(c). Additionally, extensive public record requests, and investigative matters related to alleged violations of the North Carolina Dietetics/Nutrition Practice Act, contributed to over-budgeted legal fees.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

MANAGEMENT’S DISCUSSION AND ANALYSIS

Events Affecting Future Operations (Continued)

Even though the cost of its Directors and Officers liability coverage increased again for 2022-2023, the NCBDN found it prudent to maintain such coverage. In fiscal year 2021-2022, the NCBDN decided to follow its legal counsel’s recommendation and pursue an increase in licensing fees to help build reserves and lay the groundwork for self-insuring. On July 15, 2022, the NCBDN published, in the North Carolina Register, proposed increases to its fee rule. On September 17, 2022, the NCBDN adopted the proposed increases. These amendments to the NCBDN’s fee rule are scheduled to be reviewed by the North Carolina Rules Review Commission on October 20, 2022. If approved, the adopted fee increases will go into effect on December 1, 2022. The NCBDN has not amended its licensing fees since 2003.

Additionally, the NCBDN is currently working through multiple other regulatory amendments, repeals, and adoptions. The NCBDN is satisfied that these adoptions, amendments, and repeals are necessary, will provide clarity, and will ensure consistency and objectivity in the licensure process, better enabling the NCBDN to achieve its mission. If approved, the NCBDN anticipates that all proposed rule changes will be in effect before the end of December of 2022.

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.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the North Carolina Board of Dietetics/Nutrition (Board), an independent state board which is a nonmajor enterprise fund of the primary government of the State of North Carolina, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the North Carolina Board of Dietetics/Nutrition as of June 30, 2022 and 2021, and the results of its operations, changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Board's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for one year after the date that the financial statements are issued.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads "Hawley, C.P.A., P.A." The signature is written in a cursive, slightly slanted style.

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

Angier, North Carolina

September 23, 2022

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	June 30, 2022	June 30, 2021
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 313,889	\$ 550,191
Prepaid expenses (Note 1)	5,916	3,629
Total current assets	319,805	553,820
Capital assets (Notes 1 and 4):		
Office and computer equipment	695	1,381
Total capital assets - net of depreciation	695	1,381
Other assets:		
Investments (Notes 1 and 2)	293,358	25,517
Accrued interest receivable (on investments)	2	2
Total other assets	293,358	25,519
TOTAL ASSETS	\$ 613,858	\$ 580,720
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable - operations (Note 5)	\$ 1,411	\$ 868
Due to other state agencies (Note 5)	5,282	4,978
Accrued payroll (including payroll taxes and related costs)	3,828	3,758
Accrued vacation (Notes 1 and 7)	5,609	4,633
Unearned revenue (Note 1)	195,000	181,800
Total current liabilities	211,130	196,037
Long term liabilities:		
Accrued vacation (Notes 1 and 7)	16,829	13,898
Total long term liabilities	16,829	13,898
TOTAL LIABILITIES	227,959	209,935
NET POSITION (NOTE 1)		
Invested in capital assets	695	1,381
Unrestricted net position	385,204	369,404
TOTAL NET POSITION	385,899	370,785
TOTAL LIABILITIES AND NET POSITION	\$ 613,858	\$ 580,720

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Fees, licenses, and fines:		
Application fees	\$ 26,700	\$ 19,900
Licensing fees	308,280	283,610
Duplicate license fees	480	570
Total operating revenues	\$ 335,460	\$ 304,080
OPERATING EXPENSES:		
Personal services (and board members expenses):		
Salaries and wages - staff (including accumulated leave)	\$ 163,202	\$ 155,451
Payroll taxes	12,867	12,198
Retirement (Note 8)	9,562	9,115
Employee benefits	23,183	21,137
Board members expenses	5,000	4,000
Supplies and materials:		
Office supplies and expenses	2,091	2,396
Services:		
Legal fees	46,255	1,473
Audit and accounting fees	7,795	7,995
Website and related expenses	133	
Data processing fees (to outside agents)	2,809	4,398
Data processing services	6,000	6,000
Other contracted services (Temporary COVID-19 CHRI Report)		2,449
Staff travel expenses		148
Board meeting expenses	226	375
Printing and copying	2,843	1,674
Postage and freight	3,787	1,814
Telephone/fax	574	883
Bank charges (including discount fees)	12,628	10,903
Depreciation	686	901
Insurance	20,595	17,949

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING EXPENSES (CONTINUED):		
Other expenses:		
Office rent (Note 6)	1,023	8,193
Miscellaneous expenses	<u>363</u>	<u>1,212</u>
Total operating expenses	<u>\$ 321,622</u>	<u>\$ 270,664</u>
 Operating income (loss)	 \$ 13,838	 \$ 33,416
NON-OPERATING REVENUES (EXPENSES):		
Interest income [including unrealized gain (loss) on certificates of deposit in the secondary market] (Note 1)	\$ 1,276	\$ 546
Gain (loss) on disposition of capital assets	<u>70</u>	<u>70</u>
Total non-operating revenues	\$ 1,276	\$ 616
 Change in net position	 <u>\$ 15,114</u>	 <u>\$ 34,032</u>
 Net position - beginning of year	 <u>370,785</u>	 <u>336,753</u>
 Net position - end of year	 <u><u>\$ 385,899</u></u>	 <u><u>\$ 370,785</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees	\$ 348,660	\$ 310,830
Cash payments to employee(s) for services	(204,837)	(198,331)
Cash payments for operating expenses	(113,562)	(70,470)
Net cash provided (used) by operating activities	<u>\$ 30,261</u>	<u>\$ 42,029</u>
Cash flows from capital and related financing activities:		
Disposition of capital assets	\$	\$ 129
Net cash used in capital and related financing activities	<u>\$ 0</u>	<u>\$ 129</u>
Cash flows from investing activities:		
Earnings on investments	\$ 37	\$ 2,020
Transfers from (to) investments	(266,600)	105,000
Net cash provided (used) by investing activities	<u>\$ (266,563)</u>	<u>\$ 107,020</u>
Net increase (decrease) in cash	<u>\$ (236,302)</u>	<u>\$ 149,178</u>
Cash - beginning of year	<u>550,191</u>	<u>401,013</u>
Cash - end of year	<u><u>\$ 313,889</u></u>	<u><u>\$ 550,191</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income (loss)	\$ 13,838	\$ 33,416
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Depreciation	\$ 686	\$ 901
Changes in assets and liabilities:		
Prepaid expenses and other assets	(2,287)	615
Accounts payable	847	777
Other liabilities	3,977	(430)
Unearned revenue	13,200	6,750
Total adjustments	\$ 16,423	\$ 8,613
Net cash provided (used) by operating activities	\$ 30,261	\$ 42,029

See notes to financial statements.

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina Board of Dietetics/Nutrition (the "Board") is an independent state board. It is an occupational licensing board and is authorized by Chapter 90 of the North Carolina General Statutes. The Board is composed of seven members who are appointed by the Governor and the General Assembly of the State of North Carolina. It is a nonmajor enterprise fund of the primary government of the State of North Carolina and is reported as such in the State's Annual Comprehensive Financial Report (ACFR).

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

The Board's operations are financed with self-generated revenues from fees charged to licensees.

Financial Reporting Entity

The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The accompanying financial statements present all funds and activities for which the Board is responsible.

For financial reporting purposes, the Board is a nonmajor enterprise fund of the primary government of the State of North Carolina and is reported as such in the State's Annual Comprehensive Financial Report (ACFR). These financial statements for the Board are separate and apart from those of the State of North Carolina and do not present the financial position of the State nor changes in the State's financial position and cash flows.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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, 2022 AND 2021

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, 2022 and 2021, consisted of the following:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Current portion	\$ 5,609	\$ 4,633
Long-term portion	16,829	13,898
Total	<u>\$ 22,438</u>	<u>\$ 18,531</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 \$21,889 at June 30, 2022 and \$11,897 at June 30, 2021.

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, 2022 AND 2021

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, 2022, the Board's deposits had a carrying amount of \$607,247 and a bank balance of \$605,557. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$105,557 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. Certificates of deposit in the amount of \$293,358 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position. 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.

The Board had interest earnings of \$1,276 for the year ended June 30, 2022 (including an unrealized gain of \$1,241 on certificates of deposit in the secondary market) and \$546 for the year ended June 30, 2021 (including an unrealized loss of \$901 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, 2022 AND 2021

Note 2 - Deposits and Investments (Continued)

June 30, 2022			
Investment Type	Fair Values	Properties of Debt Securities	
		Weighted Avg	Ratings
Securities:			
Certificates of Deposit	\$293,358	12.00 Months	N/A

June 30, 2021			
Investment Type	Fair Values	Properties of Debt Securities	
		Weighted Avg	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, 2022 and 2021, is as follows:

	June 30, 2022	June 30, 2021
Carrying Amount of Bank Deposits	\$ 313,889	\$ 550,191
Certificates of Deposits	293,358	25,517
Total Deposits and Investments	<u>\$ 607,247</u>	<u>\$ 575,708</u>
Current:		
Cash and Cash Equivalents	\$ 313,889	\$ 550,191
Noncurrent:		
Investments	293,358	25,517
Total Deposits and Investments	<u>\$ 607,247</u>	<u>\$ 575,708</u>

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

Note 3 - Fair Value Measurements

To the extent available, the Board's investments are recorded at fair value as of June 30, 2022 and 2021. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1: Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that the Board can access at the measurement date.
- Level 2: Investments with inputs – other than quoted prices included within Level 1 –that are observable for an asset, either directly or indirectly
- Level 3: Investments classified as Level 3 have unobservable inputs and may require a degree of professional judgment.

The following table summarizes the Board's investments within the fair value hierarchy as of June 30, 2022 and 2021.

June 30, 2022				
Fair Value Measurements Using				
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments by Fair Value Level				
Negotiable certificates of deposit	\$ 293,358	\$	\$ 293,358	\$

June 30, 2021				
Fair Value Measurements Using				
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments by Fair Value Level				
Negotiable certificates of deposit	\$ 25,517	\$	\$ 25,517	\$

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

Note 4 - Capital Assets

Changes in capital assets as of and for the years ended June 30, 2022 and 2021 are as follows:

	Cost 06-30-21	Acquisitions	Disposals	Cost 06-30-22	Accumulated Depreciation	Net Amount
Office/computer equipment	\$ 6,074	\$ -	\$ -	\$ 6,074	\$ 5,379	\$ 695
	<u>\$ 6,074</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,074</u>	<u>\$ 5,379</u>	<u>\$ 695</u>

	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
	<u>\$ 15,391</u>	<u>\$ 0</u>	<u>\$ 9,317</u>	<u>\$ 6,074</u>	<u>\$ 4,693</u>	<u>\$ 1,381</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 \$686 for the fiscal year ended June 30, 2022 and \$901 for the fiscal year ended June 30, 2021.

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, 2022	June 30, 2021
Due to Vendors	\$ 1,411	\$ 868
Due to Other State Agencies	5,282	4,978
Total Accounts Payable	<u>\$ 6,693</u>	<u>\$ 5,846</u>

Note 6 - Operating Lease

The Board began operating virtually in November 2020. At that time, the Board utilized a virtual office and small storage unit to store permanent records. Both operate for a term of month to month tenancy. Total rent expense charged to operations for a virtual office and storage space was \$1,023 for the fiscal year ended June 30, 2022. The Board rented physical office space through December of 2020. Total rent expense charged to operations was \$8,193 for the fiscal year ended June 30, 2021. This amount consisted of \$835 for a virtual office and storage space; and \$7,358 for physical office space (including utilities and supplemental charges).

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

Note 7 - Non-Current Liabilities

A summary of changes in non-current liabilities for the years ended June 30, 2022 and 2021 follows:

	Balance at 06-30-21	Additions	Deletions	Balance at 06-30-22	Current	Non-Current
Compensated Absences	\$ 18,531	\$ 6,839	\$ 2,932	\$ 22,438	\$ 5,609	\$ 16,829
	\$ 18,531	\$ 6,839	\$ 2,932	\$ 22,438	\$ 5,609	\$ 16,829

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

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, 2022 was \$159,367; the Board's total payroll was \$163,202. The Board's pension contribution amounted to \$9,562 for 2021. 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 had no outstanding liabilities to the plan at June 30, 2022 and 2021. 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.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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

For the fiscal year ended June 30, 2022, the Board implemented GASB Statement No. 98, The Annual Comprehensive Financial Report.

This Statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged.

Note 12 - Subsequent Events

Subsequent events have been evaluated through September 23, 2022, 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 85 audit hours at a cost of \$7,795.