

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

**Financial Statements for the
Years Ended June 30, 2023 and 2022 and
Independent Auditor's Report**

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

Financial Statements for the Years Ended June 30, 2023 and 2022 and Independent Auditor's Report

BOARD MEMBERS (2022-2023)

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

Ananya B. Sen, MD, Vice-Chairperson

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

Christie Nicholson, MS, RD, LDN, Treasurer

Susana Analia Camarasa, MS, CNS, LN

Margaret King, CNS, LN

Sarah C. Thomas, JD

EXECUTIVE OFFICER (2022-2023)

Marnie Jones, 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, 2023 and 2022. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2023, the Board's net position increased by \$33,419, or 8.66%, due primarily to the Board's operating revenues exceeding its operating expenses. 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 2023, the operating revenues of the Board increased by \$44,840, or 13.37%, due primarily to an increase to its fees. The amendments to the Board's fee rule were approved by the North Carolina Rules Review Commission and became effective during the fiscal year ended June 30, 2023. 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 2023, the non-operating revenues of the Board increased by \$6,397, or 501.33%, due primarily to an increase in interest earning rates. 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 2023, the operating expenses of the Board increased by \$32,932, or 10.24%, due primarily to an increase in legal fees. 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.

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, 2023	Prior Year as of and for the year ended June 30, 2022
Current assets	\$ 352,319	\$ 319,805
Capital assets	3,405	695
Other assets	350,862	293,358
Total assets	<u>\$ 706,586</u>	<u>\$ 613,858</u>
Current liabilities	\$ 278,145	\$ 211,130
Long-term liabilities	9,123	16,829
Total liabilities	<u>\$ 287,268</u>	<u>\$ 227,959</u>
Invested in capital assets	\$ 3,405	\$ 695
Unrestricted	415,913	385,204
Total net position	<u>\$ 419,318</u>	<u>\$ 385,899</u>
Operating revenues	\$ 380,300	\$ 335,460
Operating expenses	(354,554)	(321,622)
Operating income	25,746	13,838
Non-operating revenues	7,673	1,276
Change in net position	<u>\$ 33,419</u>	<u>\$ 15,114</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 \$419,318 for the year ended June 30, 2023. Assets exceeded liabilities by \$385,899 for the year ended June 30, 2022. The largest component of net position was cash and investments. Cash and investments represented 166.18% of total net position at June 30, 2023. Cash and investments represented 157.36% of total net position at June 30, 2022. 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, 2023	Prior Year as of June 30, 2022	Amount of Change	Percentage Change
Current assets	\$ 352,319	\$ 319,805	\$ 32,514	10.17%
Capital assets	3,405	695	2,710	389.93%
Other assets	350,862	293,358	57,504	19.60%
Total assets	<u>\$ 706,586</u>	<u>\$ 613,858</u>	<u>\$ 92,728</u>	<u>15.11%</u>
Current liabilities	\$ (278,145)	\$ (211,130)	\$ (67,015)	31.74%
Long term liabilities	(9,123)	(16,829)	7,706	-45.79%
Total liabilities	<u>\$ (287,268)</u>	<u>\$ (227,959)</u>	<u>\$ (59,309)</u>	<u>26.02%</u>
Invested in capital assets	\$ 3,405	\$ 695	\$ 2,710	389.93%
Unrestricted	415,913	385,204	30,709	7.97%
Total net position	<u>\$ 419,318</u>	<u>\$ 385,899</u>	<u>\$ 33,419</u>	<u>8.66%</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, 2023	The year ended June 30, 2022	Amount of Change	Percentage Change
Operating revenues	\$ 380,300	\$ 335,460	\$ 44,840	13.37%
Operating expenses	(354,554)	(321,622)	(32,932)	10.24%
Non-operating revenues	7,673	1,276	6,397	501.33%
Change in net position	<u>\$ 33,419</u>	<u>\$ 15,114</u>	<u>\$ 18,305</u>	<u>121.11%</u>
Ending net position	<u>\$ 419,318</u>	<u>\$ 385,899</u>	<u>\$ 33,419</u>	<u>8.66%</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, 2023	The year ended June 30, 2022	Amount of Change	Percentage Change
Licensing fees	\$ 348,750	\$ 308,280	\$ 40,470	13.13%
Application fees	28,070	26,700	1,370	5.13%
Late fees	2,850		2,850	100.00%
Duplicate license fees	630	480	150	31.25%
Total	\$ 380,300	\$ 335,460	\$ 44,840	13.37%

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, 2023	The year ended June 30, 2022	Amount of Change	Percentage Change
Interest income	\$ 7,673	\$ 1,276	\$ 6,397	501.33%
Total	\$ 7,673	\$ 1,276	\$ 6,397	501.33%

Events Affecting Future Operations

The North Carolina Board of Dietetics/Nutrition (hereinafter "the Board") saw an increase in its licensees in fiscal year 2022-2023 and anticipates growth to be average in fiscal year 2023-2024. The Board did not collect any late fees for renewal seasons 2020, 2021, or 2022 due to the Covid-19 pandemic. However, the Board returned to late fee collection during the late renewal window of April 1, 2023 to May 31, 2023.

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

As it did in the previous year, the Board 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)

In fiscal year 2021-2022, the Board 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 due to rising insurance premiums. On July 15, 2022, the Board published, in the North Carolina Register, proposed increases to its fee rule. On September 17, 2022, the Board adopted the proposed increases. The amendments to the Board's fee rule 21 NCAC 17 .0113 went into effect on November 1, 2022. It should be noted that the Board has not amended its licensing fees since 2003.

Several other regulatory adoptions, amendments, and repeals went into effect in the 2022-2023 fiscal year. These regulatory changes have long been in process, and the Board is satisfied that these changes were necessary to provide clarity and ensure consistency and objectivity in the licensure process, better enabling the Board to achieve its mission. The Board proposed rule changes, which were originally published in Volume 37, Issue 02 of the North Carolina Register and Volume 37, Issue 04 of the North Carolina Register. In addition to rule 21 NCAC 17 .0113 that is mentioned above as going into effect on November 1, 2022, on January 1, 2023 the following rules went into effect: 21 NCAC 17 .0104, 21 NCAC 17 .0108, 21 NCAC 17 .0110, 21 NCAC 17 .0112, 21 NCAC 17 .0114, 21 NCAC 17 .0116, 21 NCAC 17 .0201, 21 NCAC 17 .0202, 21 NCAC 17 .0203, 21 NCAC 17 .0304, 21 NCAC 17 .0402, 21 NCAC 17 .0403, 21 NCAC 17 .0501 through 21 NCAC 17 .0515, & 21 NCAC 17 .0517. On March 15, 2023, the following rules went into effect: 21 NCAC 17 .0101, 21 NCAC 17 .0103, 21 NCAC 17 .0106, 21 NCAC 17 .0302, 21 NCAC 17 .0303, 21 NCAC 17 .0401, & 21 NCAC 17 .0516.

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, 2023 and 2022, 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, 2023 and 2022, 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, flowing style.

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

Angier, North Carolina

August 22, 2023

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	June 30, 2023	June 30, 2022
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 345,976	\$ 313,889
Prepaid expenses (Note 1)	6,343	5,916
Total current assets	352,319	319,805
Capital assets (Notes 1 and 4):		
Office and computer equipment	3,405	695
Total capital assets - net of depreciation	3,405	695
Other assets:		
Investments (Notes 1 and 2)	350,862	293,358
Total other assets	350,862	293,358
TOTAL ASSETS	\$ 706,586	\$ 613,858
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable - operations (Note 5)	\$ 1,565	\$ 1,411
Due to other state agencies (Note 5)	4,346	5,282
Accrued payroll (including payroll taxes and related costs)	4,239	3,828
Accrued vacation (Notes 1 and 6)	3,040	5,609
Unearned revenue (Note 1)	264,955	195,000
Total current liabilities	278,145	211,130
Long term liabilities:		
Accrued vacation (Notes 1 and 6)	9,123	16,829
Total long term liabilities	9,123	16,829
TOTAL LIABILITIES	287,268	227,959
NET POSITION (NOTE 1)		
Invested in capital assets	3,405	695
Unrestricted net position	415,913	385,204
TOTAL NET POSITION	419,318	385,899
TOTAL LIABILITIES AND NET POSITION	\$ 706,586	\$ 613,858

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Fees, licenses, and fines:		
Licensing fees	\$ 348,750	308,280
Application fees	28,070	26,700
Late fees	2,850	
Duplicate license fees	630	480
Total operating revenues	\$ 380,300	\$ 335,460
OPERATING EXPENSES:		
Personal services (and board members expenses):		
Salaries and wages - staff (including accumulated leave)	\$ 154,949	\$ 163,202
Board members expenses - per diem	4,600	5,000
Payroll taxes	12,206	12,867
Retirement (Note 7)	7,476	9,562
Employee benefits	21,515	23,183
Supplies and materials:		
Office supplies and expenses	2,005	2,091
Services:		
Legal fees	79,958	46,255
Contracted services - auditing	7,795	7,795
Contracted services - accounting	2,513	
Contracted services - consulting	1,550	
Website and related expenses		133
Data processing fees (to outside agents)	3,045	2,809
Data processing services	7,275	6,000
Staff travel expenses	2,236	
Board meeting expenses	152	226
Printing and copying	1,546	2,843
Postage and freight	3,884	3,787
Telephone/fax	169	574
Bank charges (including discount fees)	15,595	12,628
Depreciation	959	686
See notes to financial statements.		

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING EXPENSES (CONTINUED):		
Insurance	23,614	20,595
Other expenses:		
Office rent (Note 3)	1,252	1,023
Miscellaneous expenses	260	363
Total operating expenses	<u>\$ 354,554</u>	<u>\$ 321,622</u>
Operating income (loss)	\$ 25,746	\$ 13,838
NON-OPERATING REVENUES (EXPENSES):		
Interest income	<u>\$ 7,673</u>	<u>\$ 1,276</u>
Total non-operating revenues	\$ 7,673	\$ 1,276
Change in net position	<u>\$ 33,419</u>	<u>\$ 15,114</u>
Net position - beginning of year	<u>385,899</u>	<u>370,785</u>
Net position - end of year	<u><u>\$ 419,318</u></u>	<u><u>\$ 385,899</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees	\$ 450,255	\$ 348,660
Cash payments to employee and board members for services	(210,610)	(204,837)
Cash payments for operating expenses	(154,058)	(113,562)
Net cash provided (used) by operating activities	<u>\$ 85,587</u>	<u>\$ 30,261</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>\$ (3,669)</u>	<u>\$</u>
Net cash used in capital and related financing activities	<u>\$ (3,669)</u>	<u>\$ 0</u>
Cash flows from investing activities:		
Earnings on investments	\$ 7,673	\$ 1,276
Transfers from (to) investments	(57,504)	(267,839)
Net cash provided (used) by investing activities	<u>\$ (49,831)</u>	<u>\$ (266,563)</u>
Net increase (decrease) in cash	<u>\$ 32,087</u>	<u>\$ (236,302)</u>
Cash - beginning of year	<u>313,889</u>	<u>550,191</u>
Cash - end of year	<u><u>\$ 345,976</u></u>	<u><u>\$ 313,889</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</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)	\$ 25,746	\$ 13,838
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Depreciation	\$ 959	\$ 686
Changes in assets and liabilities:		
Prepaid expenses	(427)	(2,287)
Accounts payable	(782)	847
Other liabilities	(9,864)	3,977
Unearned revenue	69,955	13,200
Total adjustments	\$ 59,841	\$ 16,423
Net cash provided (used) by operating activities	\$ 85,587	\$ 30,261

See notes to financial statements.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

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, 2023 AND 2022

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.

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

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, 2023 and 2022, consisted of the following:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Current portion	\$ 3,040	\$ 5,609
Long-term portion	<u>9,123</u>	<u>16,829</u>
Total	<u>\$ 12,163</u>	<u>\$ 22,438</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 \$19,216 at June 30, 2023 and \$21,889 at June 30, 2022.

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 total investment in capital assets (net of accumulated depreciation) and reduced by outstanding liabilities (if any) related to 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, 2023 AND 2022

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, 2023, the Board's deposits had a carrying amount of \$696,838 and a bank balance of \$698,022. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$198,022 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. Certificates of deposit in the amount of \$350,862 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position. 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.

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, 2023 AND 2022

Note 2 - Deposits and Investments (Continued)

June 30, 2023			
Investment Type	Fair Values	Properties of Debt Securities	
		Weighted Avg	Ratings
Securities:			
Certificates of Deposit	\$350,862	12.00 Months	N/A
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

Reconciliation of Deposits and Investments

A reconciliation of deposits and investments for the Board to the basic financial statements at June 30, 2023 and 2022, is as follows:

	June 30, 2023	June 30, 2022
Carrying Amount of Bank Deposits	\$ 345,976	\$ 313,889
Certificates of Deposits	350,862	293,358
Total Deposits and Investments	<u>\$ 696,838</u>	<u>\$ 607,247</u>
Current:		
Cash and Cash Equivalents	\$ 345,976	\$ 313,889
Noncurrent:		
Investments	350,862	293,358
Total Deposits and Investments	<u>\$ 696,838</u>	<u>\$ 607,247</u>

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

Note 3 - Virtual Office

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 \$1,252 for the fiscal year ended June 30, 2023, and \$1,023 for the fiscal year ended June 30, 2022.

Note 4 - Capital Assets

Changes in capital assets as of and for the years ended June 30, 2023 and 2022 are as follows:

	Cost			Cost	Accumulated	Net
Office/computer equipment	\$ 6,074	\$ 3,669	\$ (214)	\$ 9,529	\$ 6,124	\$ 3,405
	<u>\$ 6,074</u>	<u>\$ 3,669</u>	<u>\$ (214)</u>	<u>\$ 9,529</u>	<u>\$ 6,124</u>	<u>\$ 3,405</u>

	Cost			Cost	Accumulated	Net
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>

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 \$959 for the fiscal year ended June 30, 2023 and \$686 for the fiscal year ended June 30, 2022.

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, 2023	June 30, 2022
Due to Vendors	\$ 1,565	\$ 1,411
Due to Other State Agencies	4,346	5,282
Total Accounts Payable	<u>\$ 5,911</u>	<u>\$ 6,693</u>

NORTH CAROLINA BOARD OF DIETETICS/NUTRITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

Note 6 - Non-Current Liabilities

A summary of changes in non-current liabilities for the years ended June 30, 2023 and 2022 follows:

	Balance at 6-30-2022	Additions	Deletions	Balance at 6-30-2023	Current	Non-Current
Compensated	\$ 22,438	\$ 5,895	\$ 16,170	\$ 12,163	\$ 3,040	\$ 9,123
Absences	\$ 22,438	\$ 5,895	\$ 16,170	\$ 12,163	\$ 3,040	\$ 9,123

	Balance at 6-30-2021	Additions	Deletions	Balance at 6-30-2022	Current	Non-Current
Compensated	\$ 18,531	\$ 6,839	\$ 2,932	\$ 22,438	\$ 5,609	\$ 16,829
Absences	\$ 18,531	\$ 6,839	\$ 2,932	\$ 22,438	\$ 5,609	\$ 16,829

Note 7- 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, 2023 was \$124,600; the Board's total payroll was \$154,949. The Board's pension contribution amounted to \$7,476 for 2023. 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 2022. The Board had no outstanding liabilities to the plan at June 30, 2023 and 2022. The Board assumes no liability for retiree benefits provided by this program other than its required contributions. The Board has no postemployment benefits other than this defined contribution retirement plan.

Note 8 - Contingencies

The Board 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, 2023 AND 2022

Note 9 - Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled by participation in certain state-administered risk programs and self retention of certain risks. Additionally, the Board protects itself from exposure to loss through the purchase of commercial insurance coverage. 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 10 - Subsequent Events

Subsequent events have been evaluated through August 22, 2023, 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.