

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION**

**Financial Statements for the  
Years Ended June 30, 2018 and 2017 and  
Independent Auditor's Report**

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**BOARD MEMBERS (2017-2018)**

Shaynee Roper, M ED, RD, LDN, Chairperson

Helene F. Edwards, MS, RD, LDN, Vice-Chairperson

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

Cathleen E. Ostrowski, MS, RD, LDN, FAND, Treasurer

Kim Iles, MS, RD, LDN

Maurene S. Rickards

Kayla N. Saunders

**EXECUTIVE OFFICER (2017-2018)**

Charla Burill, JD, RD, Executive Director/Executive Secretary

**LEGAL COUNSEL**

Henry W. Jones, Jr., Attorney At-Law

Jordan Price Wall Gray Jones & Carlton, PLLC

# NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

## TABLE OF CONTENTS

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	<u>Page</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	1-5
INDEPENDENT AUDITOR'S REPORT	6-7
FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017	
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**

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the years ended June 30, 2018 and 2017. Please read it in conjunction with the financial statements which follow this section.

### **Financial Highlights**

During 2018, the Board's net position increased by \$25,373, or 8.95%, due primarily to the Board's operating revenues exceeding its operating expenses. During 2017, the Board's net position decreased by \$12,033, or 4.1%, due primarily to the Board's operating expenses exceeding its operating revenues.

During 2018, the operating revenues of the Board increased by \$8,575, or 3.37%, due primarily to an increase in licensing fee revenue. During 2017, the operating revenues of the Board increased by \$11,585, or 4.8%, due primarily to an increase in licensing fee revenue.

During 2018, the non-operating revenues of the Board decreased by \$756, or 39.48%, due primarily to valuation adjustments to certificates of deposit in the secondary market. During 2017, the non-operating revenues of the Board decreased by \$771, or 28.7%, due primarily to valuation adjustments to certificates of deposit in the secondary market.

During 2018, the operating expenses of the Board decreased by \$29,587, or 11.02%, due primarily to a decrease in data processing expenses related to implementing a web based licensing system in the preceding year. During 2017, the operating expenses of the Board increased by \$13,693, or 5.4%, due primarily to an increase in data processing expenses related to implementing a web based licensing system, and an increase in salaries/wages and employee benefits expenses.

### **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, 2018	Current Year as of and for the year ended June 30, 2017
Current assets	\$ 307,548	\$ 270,589
Capital assets	1,702	3,085
Other assets	176,463	179,146
Total assets	<u>\$ 485,713</u>	<u>\$ 452,820</u>
Current liabilities	\$ 167,198	\$ 159,130
Long-term liabilities	9,549	10,097
Total liabilities	<u>\$ 176,747</u>	<u>\$ 169,227</u>
Invested in capital assets	\$ 1,702	\$ 3,085
Unrestricted	307,264	280,508
Total net position	<u>\$ 308,966</u>	<u>\$ 283,593</u>
Operating revenues	\$ 263,145	\$ 254,570
Operating expenses	(238,931)	(268,518)
Operating income	24,214	(13,948)
Non-operating revenues	1,159	1,915
Change in net position	<u>\$ 25,373</u>	<u>\$ (12,033)</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 \$308,966 for the year ended June 30 2018. The largest component of net position was cash and investments. Cash and investments represented 100.0% of total net position. The following is a summary of the Statements of Net Position.

	Current Year as of June 30, 2018	Current Year as of June 30 2017	Amount of Change	Percentage Change
Current assets	\$ 307,548	\$ 270,589	\$ 36,959	13.66%
Capital assets	1,702	3,085	(1,383)	-44.83%
Other assets	176,463	179,146	(2,683)	-1.50%
Total assets	<u>\$ 485,713</u>	<u>\$ 452,820</u>	<u>\$ 32,893</u>	<u>7.26%</u>
Current liabilities	\$ 167,198	\$ 159,130	\$ 8,068	5.07%
Long term debt	9,549	10,097	(548)	-5.43%
Total liabilities	<u>\$ 176,747</u>	<u>\$ 169,227</u>	<u>\$ 7,520</u>	<u>4.44%</u>
Invested in capital assets	\$ 1,702	\$ 3,085	\$ (1,383)	-44.83%
Unrestricted	307,264	280,508	26,756	9.54%
Total net position	<u>\$ 308,966</u>	<u>\$ 283,593</u>	<u>\$ 25,373</u>	<u>8.95%</u>

The following is a summary of the Statements of Revenues, Expenses, and Changes in Net Position.

	The year ended June 30, 2018	The year ended June 30, 2017	Amount of Change	Percentage Change
Operating revenues	\$ 263,145	\$ 254,570	\$ 8,575	3.37%
Operating expenses	(238,931)	(268,518)	29,587	-11.02%
Non-operating revenues	1,159	1,915	(756)	-39.48%
Change in net position	<u>\$ 25,373</u>	<u>\$ (12,033)</u>	<u>\$ 37,406</u>	<u>-310.86%</u>
Ending net position	<u>\$ 308,966</u>	<u>\$ 283,593</u>	<u>\$ 25,373</u>	<u>8.95%</u>

## NORTH CAROLINA BOARD OF DIETETICS/NUTRITION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a breakdown of operating revenues by source.

	The year ended June 30, 2018	The year ended June 30, 2017	Amount of Change	Percentage Change
Application fees	\$ 15,900	\$ 15,700	\$ 200	1.27%
Licensing fees (including late fees)	246,780	238,630	8,150	3.42%
Other operating income	465	240	225	93.75%
Total	<u>\$ 263,145</u>	<u>\$ 254,570</u>	<u>\$ 8,575</u>	<u>3.37%</u>

The following is a breakdown of non-operating revenues by source.

	The year ended June 30, 2018	The year ended June 30, 2017	Amount of Change	Percentage Change
Interest income	\$ 1,159	\$ 1,915	\$ (756)	-39.48%
Total	<u>\$ 1,159</u>	<u>\$ 1,915</u>	<u>\$ (756)</u>	<u>-39.48%</u>

#### Events Affecting Future Operations

A committee appointed by the North Carolina Legislature, The Joint Legislative Administrative Procedure Oversight Committee, has been performing a study concerning the deregulation, elimination and consolidation of occupational licensing boards in the State of North Carolina. The effect of any resulting legislation on the Board's operations in future years is not certain at this time.

In addition, early in the 2017 Long Session, HB 357, a bill to modernize the North Carolina Board of Dietetics/Nutrition Practice Act, was filed in the North Carolina House of Representatives. This bill aimed to expand the ability of qualified nutrition professionals to practice in North Carolina by expanding the pathways to licensure for qualified nutrition professionals, providing specific authority for order writing, and clarifying language in the exemptions. HB357 also provided language making criminal background checks required for all licensure applicants. HB357 made it out of the House, by unanimous vote, but did not get heard by the Senate. Due to the requirements of HB357, it was eligible to be heard in the 2018 Short Session.

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

Noting that HB357 amended the Dietetics/Nutrition Practice Act in a number of ways, the Board will be working to make significant changes to Title 21, Chapter 17 of the North Carolina Administrative Code. Additionally, with the passage of this bill, the Board is now required to collect the criminal history record check fees required by the Department of Public Safety, and remit such fees to the Department of Public Safety for expenses associated with conducting the criminal history record checks.

## **NORTH CAROLINA BOARD OF DIETETICS/NUTRITION**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **Contacting the Board's Management**

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact: North Carolina Board of Dietetics/Nutrition, 140 Preston Executive Drive, Suite 205-C, Cary, NC 27513.



***Shelton L. Hawley, CPA, PA***  
**Certified Public Accountants**

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Angier, North Carolina 27501-1545

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**INDEPENDENT AUDITOR'S REPORT**

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

***Report on the Financial Statements***

We have audited the accompanying financial statements of the North Carolina Board of Dietetics/Nutrition (the "Board"), an independent state board which is a nonmajor enterprise fund of the primary government of the State of North Carolina, as of and for the years ended June 30, 2018 and 2017, 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 the audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Carolina Board of Dietetics/Nutrition as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

### *Required Supplementary Information*

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



Shelton L. Hawley, C.P.A., P.A.

Angier, North Carolina

August 29, 2018

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION  
STATEMENTS OF NET POSITION  
JUNE 30, 2018 AND 2017**

	<b>June 30, 2018</b>	<b>June 30, 2017</b>
	<b>Proprietary- Enterprise Fund</b>	<b>Proprietary- Enterprise Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 304,094	\$ 267,234
Prepaid expenses (Note 1)	3,454	3,355
Total current assets	307,548	270,589
Capital assets (Notes 1 and 4):		
Office and computer equipment	1,702	3,085
Total capital assets - net of depreciation	1,702	3,085
Other assets:		
Investments (Notes 1 and 2)	175,154	177,867
Accrued interest receivable (on investments)	209	179
Security deposit (on rental of office space)	1,100	1,100
Total other assets	176,463	179,146
<b>TOTAL ASSETS</b>	<b>\$ 485,713</b>	<b>\$ 452,820</b>
<b>LIABILITIES AND NET POSITION</b>		
Current liabilities:		
Accounts payable (Note 6)	\$ 523	\$ 410
Accrued payroll (including payroll taxes and related costs)	3,742	3,622
Accrued vacation (Notes 1 and 9)	3,183	2,848
Unearned revenue (Note 5)	159,750	152,250
Total current liabilities	167,198	159,130
Long term debt:		
Accrued vacation (Notes 1 and 9)	9,549	10,097
Total long term debt	9,549	10,097
<b>TOTAL LIABILITIES</b>	<b>176,747</b>	<b>169,227</b>
NET POSITION (NOTE 7)		
Invested in capital assets	1,702	3,085
Unrestricted net position	307,264	280,508
<b>TOTAL NET POSITION</b>	<b>308,966</b>	<b>283,593</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 485,713</b>	<b>\$ 452,820</b>

See notes to financial statements.

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Fees, licenses, and fines:		
Application fees	\$ 15,900	\$ 15,700
Licensing fees (including late fees)	246,780	238,630
Other operating income	<u>465</u>	<u>240</u>
Total operating revenues	\$ 263,145	\$ 254,570
OPERATING EXPENSES:		
Personal services (and board members expenses):		
Salaries and wages - staff (including accumulated leave)	\$ 133,663	\$ 128,054
Payroll taxes	10,862	9,796
Retirement (Note 10)	7,850	7,527
Employee benefits	20,524	19,221
Board members expenses	4,981	6,793
Supplies and materials:		
Office supplies and expenses	641	1,052
Services:		
Legal fees	2,635	543
Audit and accounting fees	7,535	6,310
Website and related expenses	350	348
Data processing fees (to outside agents)	1,970	2,184
Data processing services	6,000	46,700
Staff travel expenses	1,086	839
Board meeting expenses	245	276
Printing and copying	1,332	1,218
Postage and freight	2,199	1,969
Telephone/fax	180	169
Bank charges (including discount fees)	5,407	4,635
Depreciation	1,383	1,239
Insurance	15,130	15,395

See notes to financial statements.

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING EXPENSES (CONTINUED):		
Other expenses:		
Rent for office space (Note 8)	14,124	13,733
Miscellaneous expenses	<u>834</u>	<u>517</u>
Total operating expenses	<u>\$ 238,931</u>	<u>\$ 268,518</u>
Operating income (loss)	\$ 24,214	\$ (13,948)
NON-OPERATING REVENUES (EXPENSES):		
Interest income [including unrealized gain (loss) on certificates of deposit in the secondary market] (Note 1)	<u>\$ 1,159</u>	<u>\$ 1,915</u>
Total non-operating revenues	\$ 1,159	\$ 1,915
Change in net position	<u>\$ 25,373</u>	<u>\$ (12,033)</u>
Net position - beginning of year	<u>283,593</u>	<u>295,626</u>
Net position - end of year	<u><u>\$ 308,966</u></u>	<u><u>\$ 283,593</u></u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
	<b>Proprietary- Enterprise Fund</b>	<b>Proprietary- Enterprise Fund</b>
Cash flows from operating activities:		
Cash received from fees	\$ 270,180	\$ 260,105
Cash received from other operating revenues	465	240
Cash payments to employee(s) for services	(177,973)	(163,602)
Cash payments for operating expenses	(59,654)	(101,925)
Net cash provided (used) by operating activities	<u>\$ 33,018</u>	<u>\$ (5,182)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	\$	\$ (2,152)
Net cash used in capital and related financing activities	<u>\$ 0</u>	<u>\$ (2,152)</u>
Cash flows from investing activities:		
Earnings on investments	\$ 2,842	\$ 2,589
Transfers from (to) investments	26,000	58,000
Transfers from (to) investments	(25,000)	(60,000)
Net cash provided (used) by investing activities	<u>\$ 3,842</u>	<u>\$ 589</u>
Net increase (decrease) in cash	<u>\$ 36,860</u>	<u>\$ (6,745)</u>
Cash - beginning of year	<u>267,234</u>	<u>273,979</u>
Cash - end of year	<u><u>\$ 304,094</u></u>	<u><u>\$ 267,234</u></u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
	<b>Proprietary- Enterprise Fund</b>	<b>Proprietary- Enterprise Fund</b>
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income (loss)	\$ 24,214	\$ (13,948)
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Depreciation	\$ 1,383	\$ 1,239
Changes in assets and liabilities:		
Prepaid expenses and other assets	(99)	(81)
Accounts payable	113	210
Other liabilities	(93)	1,623
Unearned revenue	7,500	5,775
Total adjustments	\$ 8,804	\$ 8,766
Net cash provided (used) by operating activities	<u>\$ 33,018</u>	<u>\$ (5,182)</u>

See notes to financial statements.

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

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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.

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, 2018 AND 2017**

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

**Basis of Accounting**

The basic financial statements of the Board are prepared using the economic resource measurement focus and the accrual basis of accounting. The economic resource measurement focus measures all assets that are available to the entity, not only cash or soon to be assets. Both long-term assets and long-term liabilities are measured and depreciation is recorded as a cost of operations. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of cash flows. Fees received for the various licenses are deemed earned when the license period begins.

The Statements of Revenues, Expenses, and Changes in Net Position classifies the Board's revenues as operating or non-operating revenues. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenues consist primarily of license fees and includes activities that have characteristics of exchange transactions. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Non-operating revenues and expenses consist of those revenues and expenses that are related to investing, capital, and non-capital financing activities; and are classified as non-operating in the financial statements.

**Cash and Cash Equivalents**

This classification includes undeposited receipts, petty cash, checking accounts and time deposits (excluding certain certificates of deposit, if any) held by the Board.

**Investments**

The Board is authorized to invest idle funds in accordance with North Carolina General Statutes. This classification consists of certain certificates of deposits held by the Board for investment. Investments generally are reported at fair market value. Certificates of deposit are reported at cost (which is the same as fair value) if purchased in the primary certificate of deposit market, and at fair value if purchased in the secondary certificate of deposit market (as determined by quoted market prices). The net increase (decrease) in the fair value of investments for certificates of deposit is recognized as a component of investment interest income.

**Prepaid Expenses**

This classification includes expenses which were prepaid at year end for commercial insurance coverage, office space rent and deposit, and other office expenses.

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

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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, 2018 and 2017, consisted of the following:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Current portion	\$ 3,183	\$ 2,848
Long-term portion	<u>9,549</u>	<u>10,097</u>
Total	<u>\$ 12,732</u>	<u>\$ 12,945</u>

The Board's sick leave policy provides for an unlimited accumulation of earned sick leave. Since the Board has no obligation for the accumulated sick leave until it is actually taken, or until retirement, no accrual for sick leave has been made. The Board has a contingent liability for sick leave in the amount of \$13,680 at June 30, 2018 and \$7,336 at June 30, 2017.

**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.

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

Note 2 - Deposits and Investments

**Deposits**

All of the Board's deposits which are uninsured are uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)] by the financial institution holding said deposits. For deposits, custodial credit risk is the risk that in the event of the failure of the depository (or counterparty), the Board will not be able to recover the value of its deposits that are in the possession of the outside party. The Board does not have formal written policies regarding custodial credit risk for deposits.

At June 30, 2018, the Board's deposits had a carrying amount of \$479,248 and a bank balance of \$479,248, which was covered by federal depository insurance. Certificates of deposit in the amount of \$175,154 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position. At June 30, 2017, the Board's deposits had a carrying amount of \$445,101 and a bank balance of \$445,263, which was covered by federal depository insurance. Certificates of deposit in the amount of \$177,867 are considered time deposits for this disclosure and are classified as investments on the Statements of Net Position.

The Board had interest earnings of \$1,159 for the year ended June 30, 2018 (net of an unrealized loss of \$1,713 on certificates of deposit in the secondary market) and \$1,915 for the year ended June 30, 2017 (net of an unrealized loss of \$650 on certificates of deposit in the secondary market).

**Investments**

The Board is subject to the following risks:

Interest rate risk - Interest rate risk is the risk the Board may face should interest rate variances affect the fair value of investments. As a means of limiting its exposure to fair value losses arising from interest rate variances, the Board limits its investments, if any, to certificates of deposits with maturities of no more than 48 months and to money market mutual funds.

Credit risk - Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. Investments of the Board are subject to the statutory requirements of North Carolina General Statutes, however the Board's present policy for managing credit risk is to limit its investments to certificates of deposits and money market mutual funds.

The following table presents fair value of investments by type and investment subject to interest rate risk and credit risk at June 30, 2018, for the Board's investments.

Investment Type	Fair Value	Properties of Debt Securities	
		Weighted Average Maturities	Ratings
Securities:			
Certificates of Deposit	\$ 175,154	22.2 Months	N/A

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

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Note 2 - Deposits and Investments (Continued)

**Reconciliation of Deposits and Investments**

A reconciliation of deposits and investments for the Board to the basic financial statements at June 30, 2018 and 2017, is as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Carrying Amount of Bank Deposits	\$ 304,094	\$ 267,234
Certificates of Deposits	175,154	177,867
Total Deposits and Investments	<u>\$ 479,248</u>	<u>\$ 445,101</u>
Current:		
Cash and Cash Equivalents	\$ 304,094	\$ 267,234
Noncurrent:		
Investments	175,154	177,867
Total Deposits and Investments	<u>\$ 479,248</u>	<u>\$ 445,101</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, 2018 AND 2017**

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, 2018 and 2017.

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

  

<b>2017</b>				
	Total Fair Value	Level 1	Level 2	Level 3
Negotiable certificates of deposit	\$ 177,867	\$ -	\$ 177,867	\$ -

Note 4 - Capital Assets

Changes in capital assets as of and for the years ended June 30, 2018 and 2017 are as follows:

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

  

	Cost 06-30-15	Acquisitions	Disposals	Cost 06-30-16	Accumulated Depreciation	Net Amount
Office/computer equipment	10,886	2,152	-	13,038	9,953	3,085
	\$ 10,886	\$ 2,152	\$ 0	\$ 13,038	\$ 9,953	\$ 3,085

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 \$1,383 for the fiscal year ended June 30, 2018 and \$1,239 for the year ended June 30, 2017.

Note 5 - 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.

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

Note 6 - 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.

Note 7 - 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*.

Note 8 - Operating Lease

The Board leased office space under an operating lease. Total rent expense (including utilities and supplemental charges) charged to operations under the lease agreement was \$14,124 in 2018 and \$13,733 in 2017.

Rental commitments under the noncancellable operating lease (including utilities and supplemental charges) at June 30, 2018 are as follows:

<b>Year Ended June 30,</b>			
2019		\$	14,509
2020			1,322
		<u>\$</u>	<u>15,831</u>

Note 9 - Non-Current Liabilities

A summary of changes in non-current liabilities for the years ended June 30, 2018 and 2017 follows:

	Balance 06-30-17	Additions	Deletions	Balance 06-30-18	Current	Non- Current
Compensated absences	12,945	4,603	4,816	12,732	3,183	9,549
	<u>\$ 12,945</u>	<u>\$ 4,603</u>	<u>\$ 4,816</u>	<u>\$ 12,732</u>	<u>\$ 3,183</u>	<u>\$ 9,549</u>
	Balance 06-30-16	Additions	Deletions	Balance 06-30-17	Current	Non- Current
Compensated absences	11,949	5,246	4,250	12,945	2,848	10,097
	<u>\$ 11,949</u>	<u>\$ 5,246</u>	<u>\$ 4,250</u>	<u>\$ 12,945</u>	<u>\$ 2,848</u>	<u>\$ 10,097</u>

**NORTH CAROLINA BOARD OF DIETETICS/NUTRITION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

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Note 10- 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 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, 2018 was \$130,841; the Board's total payroll was \$133,663. The Board's pension contribution amounted to \$7,850 for 2018. The Board's payroll for employee(s) covered by the plan for the year ended June 30, 2017 was \$125,449; the Board's total payroll was \$128,054. The Board's pension contribution amounted to \$7,527 for 2017. The Board had no outstanding liabilities to the plan at June 30, 2018 and 2017. 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 11 - Contingencies

The Board may be involved in occasional disciplinary 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 12 - Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled by participation in certain state-administered risk programs and self retention of certain risks. Additionally, the Board protects itself from exposure to loss through the purchase of commercial insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior year, and no insurance claims were filed during the years ended June 30, 2018 and 2017.

Note 13 - Subsequent Events

Subsequent events have been evaluated through August 29, 2018, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Note 14 - North Carolina Legislative Statutory Disclosure Requirement Concerning Audit Fees

This audit required 65 audit hours at a cost of \$6,395.