NEVADA STATE BARBER'S HEALTH AND SANITATION BOARD

BASIC FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

BD CPAS
& Associates
CERTIFIED PUBLIC ACCOUNTANTS

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BASIC FINANCIAL STATEMENTS
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Table of Contents

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nevada State Barber's Health and Sanitation Board

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Nevada State Barber's Health and Sanitation Board (the Board) as of June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Board's basic 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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 judgment, 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 auditor considers 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 respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Nevada State Barber's Health and Sanitation Board as of June 30, 2020 and 2019, and the respective changes in its financial position and, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 2 – 4 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 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.

BD & Associates CPAs, PLLC

Las Vegas, Nevada
November 17, 2020

As the management of the Nevada State Barber's Health and Sanitation Board (the Board), we present to the readers of our financial statements this discussion and analysis of the Board's financial performance for the fiscal years ended June 30, 2020 and 2019.

FINANCIAL STATEMENTS

The Board's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States, promulgated by the Governmental Accounting Standards Board (GASB). The Board reports as a quasi-governmental entity created by an act of the Nevada State Legislature. Revenues are recognized when earned and expenses are recognized in the period in which they are incurred. See the notes to the financial statements for a summary of the Board's significant accounting policies.

	2020	2019
Assets:		
Current assets	$ 268,664	$ 227,602
Capital assets, net	-	51
Total assets	268,664	227,653
Liabilities:		
Current liabilities	80,743	50,517
Net Assets:		
Net assets	187,921	177,136
Total liabilities and net assets	$ 268,664	$ 227,653

Financial Analysis

The increase of approximately $41,000 (18.0%) in current assets in 2020 as compared to 2019 is mostly attributed to increases in the number of licenses and license candidates during 2020.

The approximate increase of $30,000 (59.8%) in current liabilities at 2020 as compared to 2019 is mainly due to increases in deferred revenue recognized in 2020 due to the beginning of the two-year license renewal cycle when license fees are collected and not recognized as revenue until earned.

CHANGE IN NET ASSETS

	2020	2019
Operating revenues	$ 114,134	$ 135,511
Operating expenses	103,522	136,218
Operating income	10,612	(707)
Non-operating revenues	173	152
Increase in net assets	10,785	(555)
Total net assets:		
Beginning of year	177,136	177,691
End of year	$ 187,921	$ 177,136

SUMMARY OF REVENUES

	2020	2019
Operating:		
Examination fees	$ 33,856	$ 40,982
License renewals and late fees	77,933	90,548
Book sales and other income	2,345	3,981
Total operating	114,134	135,511
Non-operating:		
Interest income	173	152
Total revenues	$ 114,307	$ 135,663

The decrease of approximately $21,000 (15.8%) in operating revenue during 2020 as compared to 2019 is due to a decrease in overall Board activities in response to COVID-19 (see footnote 5).

SUMMARY OF EXPENSES

	2020	2019
Operating:		
Direct operating and maintenance	$ 103,471	$ 136,014
Depreciation	51	204
Total operating expenses	103,522	136,218
Non-operating expenses	-	-
Total expenses	$ 103,522	$ 136,218

The decrease of approximately $32,500 (23.9%) in operating expenses during 2020 as compared to 2019 is due to a decrease in overall Board activities in response to COVID-19 (see footnote 5).

REQUESTS FOR INFORMATION

This financial report is designed to give its readers a general overview of the Board's finances. Questions regarding any information contained in this report, or requests for additional information, should be addressed to the Executive Director, 4710 East Flamingo Road, Las Vegas, Nevada 89121.

NEVADA STATE BARBER'S HEALTH AND SANITATION BOARD
STATEMENTS OF NET ASSETS
JUNE 30, 2020 AND 2019

ASSETS		**2020**		**2019**
Current Assets:				
Cash	$	223,162	$	182,435
Investments		45,502		45,167
Total current assets		268,664		227,602
Capital Assets, at cost net of accumulated depreciation		-		51
Total Assets	$	268,664	$	227,653
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	$	2,391	$	4,216
Deferred revenue		78,352		46,301
Total current liabilities		80,743		50,517
Net Assets:				
Unreserved, undesignated		187,921		177,136
Total net assets		187,921		177,136
Total Liabilities and Net Assets	$	268,664	$	227,653

The accompanying notes are an integral part of the financial statements.

NEVADA STATE BARBER'S HEALTH AND SANITATION BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING REVENUES:		
Examination fees	$ 33,856	$ 40,982
License renewals and late fees	77,933	90,548
Book sales and other income	2,345	3,981
	114,134	135,511
OPERATING EXPENSES BEFORE DEPRECIATION:		
Advertising	125	125
Audit fees	-	7,500
Bank charges	880	1,707
Board compensation	35,092	40,690
Conferences and seminars	1,177	2,798
Dues and subscriptions	900	1,800
Examination supplies	190	190
Legal fees	6,248	3,161
Liability insurance	588	645
Miscellaneous	138	150
Office supplies	2,358	4,437
Online services	7,167	1,237
Postage	3,123	2,560
Printing	1,893	2,039
Rent	11,800	13,900
Telephone and utilities	2,709	3,337
Travel	13,253	20,988
Total operating expenses before depreciation	87,641	107,264
DEPRECIATION	51	204
NET INCOME (LOSS) FROM OPERATIONS	26,442	28,043
NON-OPERATING INCOME / (EXPENSES):		
Interest income	173	152
Fines remitted to state of Nevada	(15,830)	(28,750)
Total non-operating income / (expenses)	(15,657)	(28,598)
INCREASE (DECREASE) IN NET ASSETS	10,785	(555)
NET ASSETS, BEGINNING OF YEAR	177,136	177,691
NET ASSETS, END OF YEAR	$ 187,921	$ 177,136

The accompanying notes are an integral part of the financial statements.

NEVADA STATE BARBER'S HEALTH AND SANITATION BOARD
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	$ 10,785	$ (555)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	51	204
Changes in operating assets and liabilities:		
Increase (decrease) in accounts payable and accrued expenses	(1,825)	2,016
Increase (decrease) in deferred revenue	32,051	(24,324)
Net cash provided by (used in) operating activities	41,062	(22,659)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in investments	(335)	(210)
Net cash used in investing activities	(335)	(210)
NET CHANGE IN CASH	40,727	(22,869)
CASH, BEGINNING OF YEAR	182,435	205,304
CASH, END OF YEAR	$ 223,162	$ 182,435

The accompanying notes are an integral part of the financial statements.

NOTE 1 – NATURE OF ORGANIZATION

Nevada State Barber's Health and Sanitation Board (the Board) is a quasi-governmental entity created by an act of the Nevada State Legislature in 1931. The Board's activities are governed by section 643 of the Nevada Revised Statutes and Nevada administrative code, as well as by numerous state and board administrative policies. The Board's purpose is to protect the health and welfare of the public by examining and licensing qualified applicants, performing sanitary inspections on barber shops, promulgating regulations for the barber industry, investigating license disputes, conducting disciplinary hearings, and assessing disciplinary action.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Effective July 1, 2001, Chapter 353 of the Nevada Revised Statues (NRS) was amended to exempt certain professional and occupational boards from the state budget act and the provisions governing the administration of state funding. The provisions of Chapter 353 do not apply to boards created pursuant to chapters 623 to 625A, inclusive 628, 630 to 640A, inclusive 641 to 644, inclusive 654 and 656 of NRS and the officers and employees thereof. Accordingly, the Board's budgeting and accounting practices and procedures have been removed from the oversight of the Department of Administration.

The Board's financial statements are not included in the general purpose financial statements of the State of Nevada since the State does not exercise financial or administrative control over the Board. This is in conformance with GASB codification Section 2100, *Defining The Government Reporting Entity.*

Basis of Accounting

The Board is a governmental unit that is accounted for as a business-type activity. The Board's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The Board has elected under GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable pronouncements of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB), and Accounting Research Bulletins (ARB), issued after November 30, 1989.

The accounting and financial reporting treatment applied to the Board is determined by its measurement focus. The transactions of the Board are accounted for on a flow-of-economic-resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statements of net assets.

Budget

The Board prepares an annual budget. The budget is prepared on a basis similar to generally accepted accounting principles.

Cash and Cash Equivalents

Cash and cash equivalents include cash, money market accounts and investments (certificates of deposit) having original maturity dates of three months or less.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments consist of certificates of deposit that mature in excess of three months. The value of investments in certificates of deposit at June 30, 2020 and 2019 was $45,502 and $45,167.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Income Taxes

Pursuant to Section 115 of the Internal Revenue Code, the Board is exempt from federal income taxes, and therefore, no provision for income taxes is presented.

Capital Assets

The Board capitalizes significant expenditures for property and equipment at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Currently, the Board is using a five year useful life for all fixed assets.

Miscellaneous Legal Matters

The Board is involved in various legal actions that relate to routine matters incidental to its function. In the opinion of the Board, the ultimate disposition of these matters will not have a material adverse effect on the Board's net assets, results of changes in net assets or cash flows.

NOTE 3 – CAPITAL ASSETS

Capital assets consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Computer equipment	$ 2,812	$ 2,812
Software	773	773
	3,585	3,585
Less accumulated depreciation	(3,585)	(3,534)
	$ -	$ 51

Depreciation expense was $51 and $204 for the years ended June 30, 2020 and 2019.

NOTE 4 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board, Accounting Standards Codification section 820, Fair Value Measurements ("ASC 820"), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

> Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. Level 1 has the highest priority in the hierarchy.
>
> Level 2: Observable inputs other than quoted prices included within Level 1 for the assets or liabilities, either directly or indirectly observable. This include (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active; (c) inputs other than quoted prices that are observable for the asset or liability; and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
>
> Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This reflects the plan's own assumptions about the assumptions market participants would use to price an asset based on the best information available in the circumstances. Level 3 has the lowest priority in the hierarchy.

The following table provides information by level on the fair value of the Board's investments as of June 30, 2020 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Certificates of deposit	$ 45,502	$ 45,502	$ -	$ -

The following table provides information by level on the fair value of the Board's investments as of June 30, 2019 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Certificates of deposit	$ 45,167	$ 45,167	$ -	$ -

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Legal

The Board is involved in certain legal action that relates to routine matters incidental to its operations. In the opinion of those charged with governance, the ultimate disposition of these matters will not have a material adverse effect on the Board's financial position, results of operations, or cash flows.

Other Matter

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern". The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Board's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the licensees and the Board's administration, which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Board's financial condition or the results of its operations is uncertain.

NOTE 6 – SUBSEQUENT EVENTS

The Board has evaluated subsequent events through November 17, 2020, which is the date the financial statements were available to be issued. No events were identified that required additional disclosure.

REPORT ON COMPLIANCE AND INTERNAL CONTROL

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards (for a Governmental Entity)*

To the Members of the Board
Nevada State Barber's Health and Sanitation Board

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Nevada State Barber's Health and Sanitation Board, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BD & Associates CPAs, PLLC

Las Vegas, Nevada
November 17, 2020