

Financial Report

Statement of Revenues, Expenses, and Changes in Fund Balance - Accrual Basis Year Ended December 31, 2008

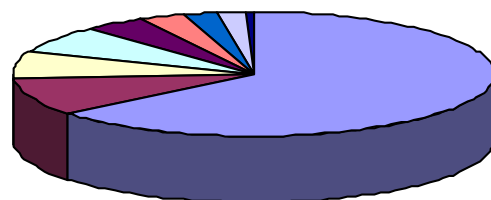
REVENUES

NBCE General Operations	\$475,000
CIN-BAD Subscriptions & Queries	71,838
Meetings (Conf & Districts)	52,834
Dues	51,570
Supporter Income (Conf & Districts)	29,200
Interest	24,105
NBCE Capital Expense Grant	15,631
NCMIC Grant	15,000
PACE	3,714
Other	887
Directory Sales	450
<i>NBCE In Kind Contributions</i>	<i>47,072</i>

TOTAL REVENUES **\$787,301**
NBCE In Kind Contributions *(47,072)*

TOTAL 2008 REVENUES **\$740,229**
TOTAL 2007 REVENUES **\$660,490**

Major Revenue Sources



NBCE Gen Oper	CIN-BAD	Meetings
Dues	Supporters	Interest
NBCE Capital Exp	NCMIC	PACE

EXPENSES

Salaries	\$253,315
Meetings Expense*	132,148
Legal Services	69,430
Employee Benefits	38,049
Payroll Taxes	19,695
Information Technology	11,575
Postage & Shipping	10,983
Office Supplies & Publications	8,159
Equipment Maintenance	6,337
Business Insurance	5,884
Telephone	5,531
Audit Services	3,500
Small Equipment	3,267
Public Relations	2,824
Dues (FARB, CCGPP, AHC)	2,700
Gifts & Awards	2,665
Bank & Credit Card Servicing Fees	2,562
Internet Services	1,889
Storage	1,044
Printing	821
Contract Labor	110
Resident Agent & Filing Fees	30

Rent & Utility Expense - In Kind 47,072
Depreciation & Amortization 33,281

TOTAL EXPENSES **\$662,871**
Rent & Utilities - NBCE In Kind *(47,072)*
Depreciation & Amortization *(33,281)*

Info Tech Programming** 53,250
Equipment** 15,631

TOTAL 2008 EXPENSES **\$651,399**
NET GAIN **\$88,830**

TOTAL 2007 EXPENSES **\$539,043**

**Includes board & staff expenses for attendance at Annual Conference, Districts, FARB, ACC/RAC, ACA/NCLC, CCGPP, etc.*

***Additional expenses depreciated as they are considered fixed assets*

Financial Analysis

FCLB Revenues

Net Assets: 1/1/09	\$695,084	12/31/08	\$740,229
Net Assets: 1/1/08	\$570,654	12/31/07	\$660,490
Net Assets: 1/1/07	\$441,163	12/31/06	\$477,455

FCLB developed a new budget structure for 2008 which supports primary categories, better defining the FCLB mission and activities. Job costs are available to the Board of Directors as separate reports enabling instant analysis of projects.

REVENUES

NBCE continues to be the Federation's main source of funding. Testing is the primary avenue of support for all other federations of regulatory boards. FCLB's beautiful office space, provided by NBCE, was valued in 2008 at \$47,072 and is shown as an *in kind contribution* in the 2008 Audit.

A \$425,000 operations grant was received in March 2008, and an additional \$50,000 was granted in November. FCLB extends its warmest appreciation to NBCE for its continued support.

CIN-BAD database revenues increased by \$10,000 over 2007 but are still down from a high of \$131,333 in 2004. Credentialing usage tends to rise and fall on a two year cycle with peaks in even years.

HIPDB has been named by NCQA as an acceptable source for chiropractic credentialing, creating competition from the US federal government and therefore negatively impacting CIN-BAD revenues.

Meetings income supports one of the larger and most valuable of the member services, enabling FCLB to provide top quality educational programs for both conference and district meetings.



Membership dues provided 7% of the 2008 budget. Members graciously voted to increase dues by 20% effective January 1, 2008, with subsequent years increased by 5% annually.

Supporter income by chiropractic colleges and independent sources continues to aid in the presentation of FCLB educational programs.

Interest income is earned on available funds through short-term (3-12 month) certificates of deposit.

NBCE awarded a \$30,000 grant to FCLB in 2007 to help fund capital purchases. These monies are paid upon submission of invoices to the NBCE. \$12,207 was used in 2007 and \$15,631 was used in 2008, leaving a balance of \$2,162 in this grant.

NCMIC awarded FCLB \$15,000 as the second installment of a five year grant to aid in the continual upgrading of information technology. FCLB is most grateful for NCMIC's affirmation at this critical time.

PACE received income in the form of records fees from its approved providers.

Your Source for Chiropractic Regulation

Financial Analysis

EXPENSES

Salaries & Benefits - The Federation continues to offer its five full-time staff a retirement benefit and a group health insurance plan.

Meetings - FCLB constantly strives to provide the highest quality program at a cost that fits the budget of member boards and allows the greatest attendance by regulators. In addition to the programs provided by FCLB, the board and executive director attend and participate in meetings of other stakeholders as necessary.

This category includes all costs involved in presenting and/or attending meetings including travel, hotel sleeping rooms, banquet fees, audiovisual, registration fees, etc.

FCLB directors are eligible to receive a \$100/day honorarium and a \$50/day per diem for meals and tips. If meals are provided at the meeting, the \$50 per diem is forfeited. *Note: Beginning in January 2009, the honorarium has been increased to \$200/day with no increase in the per diem rate.*

Legal - Occasional attorney participation in board meetings, general legal advice, and two primary projects in 2008: (1) A long term funding agreement was reached with NBCE to ensure the long term health and stability of both organizations; (2) An application for 501(c)3 designation by the IRS was submitted. If awarded, this adjustment in our current 501(c)6 non-profit status would bring FCLB into congruence with the federal designation of a number of other federations and will open the door to grants from both government agencies and private foundations.

Information Technology (IT) & Programming - Many of the external costs of maintaining information technology were brought in-house in 2008. The FCLB intently researched many companies and programs seeking the most appropriate and cost effective program for an integrated software package. Negotiations are underway to obtain the best possible price.

Note: The new programming portion of information technology is depreciated and considered to be a fixed asset by CPA standards. These costs are itemized separately under Total Expenses.

Postage & Shipping - Shipping to educational conferences as well as daily costs. Much communication is done by e-mail and via the FCLB web-site.

Equipment Maintenance - Service contract for the office copier, setup of the new computer server, security compliance for credit card processing, general equipment maintenance.

Business Insurance - Business owner's liability, travel and accident liability, board of directors' liability, and worker's compensation coverage.

Audit Services - Approved by the Board of Directors, performed by the independent CPA firm of Watkins & Schommer, Inc.

Equipment

- **Small Equipment & Supplies** - Equipment costing less than \$1,000.

- **Equipment** - Purchase of two laptop computers, an LCD projector, and additional filing cabinets and desktop panels for one workstation. These purchases were funded from the NBCE capital purchases grant.

Note: Purchases costing \$1,000+ are depreciated and considered fixed assets by CPA standards. These cost expenses are itemized separately under Total Expenses.

Public Relations - Small gifts identifying FCLB, such as the CIN-BAD calendars that are distributed to our member boards and subscribers, and FCLB lapel pins, pens, etc.

Gifts & Awards - Presented at conference as well as small gifts given throughout the year for special occasions.

Bank and Credit Card Service Fees - Transaction costs charged to FCLB when services are paid for via credit card (a function increasingly preferred by stakeholders).

Financial Analysis

SIGNIFICANT NOTES

The 2008 figures are based on an audit by Watkins & Schommer, Inc., Certified Public Accounts. Their official statement is available for review by any member.

This report is not prepared by them but is presented to help members better understand FCLB finances.

FCLB identifies but does not fund depreciation.

The Federation began the 2008 fiscal year projecting a need to transfer \$57,650 from reserved funds by year end to balance the budget.

The anticipated deficit was due in large part to the projected costs of the information technology rebuilding effort and had been reserved in December of 2007 for this purpose.

Happily, the 2008 year end figures instead reported a surplus of revenue over expenses of \$88,830.

This is in large part due to the following:

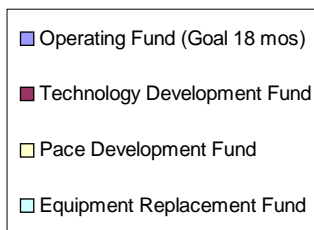
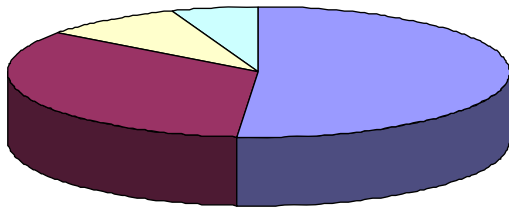
- The Board continued to hold tight reigns on the budget
- In November 2008 NBCE graciously awarded the FCLB a supplemental operations grant of \$50,000
- By year end, the CIN-BAD program generated \$10,000 more than 2007 rather than the \$9,000 drop that had been budgeted. This appears to be related to a two-year credentialing cycle with higher revenues in even numbered years.
- The major purchase of the integrated software package will be completed in 2009 as the best possible price is negotiated.
- The PACE in-person meeting projected to cost \$35,000 was postponed until 2009.



Financial Analysis

RESERVE FUNDS

FCLB Reserve Funds April 2009



Cash & Cash Equivalents

The FCLB began fiscal year 2008 with \$541,648 available cash for daily operations. Of this, \$265,000 was invested in short term certificates of deposit, where FCLB has been receiving the best interest rates while retaining maximum liquidity.

12 Months Operating Reserve

With a total of \$175,000, the fund is at 22% of the Board's revised goal of a 12 month operating reserve. In January 2009 the board approved adding \$20,000 to this fund. This was the first increase since December 2004. The board also approved in January to allocate 5% of the total annual revenues to this fund beginning 2010 as continued additions to the operating reserve are critical to stabilize FCLB liability to its mission.

PACE Reserve

In anticipation of extraordinary implementation costs for the PACE program, the board approved the fund establishment in 2004 totaling \$70,000. The board depleted the fund in September 2005 and then replenished it with \$36,000 in January 2006. The board withdrew \$30,000 in January 2007 for PACE expenses. In January 2009 the board approved adding \$25,000 to this fund. The fund now stands at \$31,000.

Technology Reserve

Early in 2004, the Board created a \$30,000 technology fund to support programming and internet costs. In January 2007, \$15,000 was applied toward technology costs. In December 2007, \$80,000 was added to the fund in anticipation of the 2008 cost to revamp the entire FCLB information technology infrastructure. An additional \$20,000 was added in 2009. The current balance is \$115,000.

Equipment Upgrade Fund

This fund was established in December 2004 to replace and upgrade hardware on a three to eight year rotation schedule. It was tapped in the past to support CIN-BAD upgrade expenses and subsequently replenished. An additional \$10,000 was added in January 2009. The current balance is \$19,000.

Current Restricted Funds Balances (April 30, 2009)

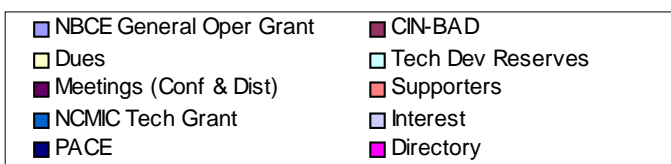
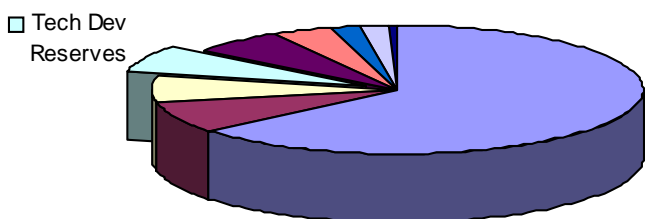
General Operating Fund	\$175,000
PACE Development Fund	31,000
Technology Development Fund	115,000
Equipment Replacement Fund	19,000
TOTAL	\$340,000

Financial Report

Adopted Budget 2009

PROJECTED REVENUES

2009 Projected Revenues



NBCE General Operations	\$500,000
CIN-BAD Subscriptions & Queries	60,000
Dues	54,000
Meetings Income (Conf. & District)	49,500
Supporter Income	29,000
NCMIC Technology Grant	15,000
Interest	15,000
PACE	5,000
Directory	400

Total Grants & Earned Revenues **\$727,900**

Funded from Tech Dev. Reserve \$53,350

TOTAL 2008 REVENUES **\$740,229**

NOTE: FCLB appreciates the NBCE's additional annual in-kind contribution of office space and utilities valued at approximately \$47,000.

PROJECTED EXPENSES

Salaries	\$255,000
Meetings Expenses*	216,600
Information Tech Rebuilding	115,000
Employee Benefits	48,050
Legal	50,000
Payroll Taxes	23,250
Postage & Shipping	13,000
Office Supplies & Publications	10,000
Insurance	7,000
Telephone	7,000
Bank & Credit Card Servicing Fees	3,000
Equipment Maintenance & Copies	8,000
Printing	1,500
Equipment - Small (less than \$1,000)	5,000
Auditor Services	3,700
Gifts & Awards	3,500
Internet Services	2,000
Public Relations	3,500
Storage	1,200
Staff Development	1,000
Dues (FARB, CCGPP, AHC)	3,500

Resident Agent & Filing Fee	250
Parliamentary Services	200

TOTAL 2009 BUDGETED EXPENSES **\$781,250**

TOTAL 2008 EXPENSES **\$651,399**

*Includes board & staff expenses for attendance at Annual Conference, Districts, FARB, ACC/RAC, ACA/NCLC, CCGPP, etc.

