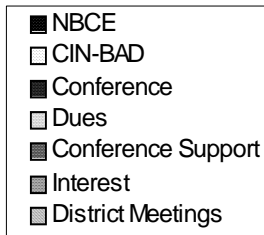
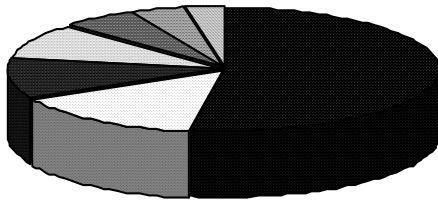


2006 Financial Report

Statement of Revenues, Expenses, and Changes in Fund Balance - Accrual Basis Year Ended December 31, 2006

REVENUES

Major Revenue Sources



NBCE General Operations	\$250,000
CIN-BAD subscriptions & queries	70,074
Conference	50,400
Dues	43,725
Conference Support	27,000
Interest	19,355
District Meetings	14,251
PACE	1,500
Directory Sales	1,050
Other	100
<i>NBCE In Kind Contributions¹</i>	<i>44,245</i>

TOTAL REVENUES	\$521,700
<i>NBCE In Kind Contributions¹</i>	<i>(44,245)</i>
TOTAL 2006 REVENUES	\$477,455
TOTAL 2005 REVENUES	\$544,320

EXPENSES

Salaries	\$218,379	Directory Expense	478
'06Conference Expenses	59,062	Dues (CLEAR & Assn History Chiro)	455
Board Expenses	35,439	General Committee Expense	228
Employee Benefits	34,666	<i>Rent & Utilities - NBCE In Kind¹</i>	<i>44,245</i>
Databank & Web Maintenance	27,319	<i>Depreciation & Amortization</i>	<i>34,180</i>
Mid-Year Board Meeting	25,805	TOTAL EXPENSES	\$579,116
Payroll Taxes	17,570	<i>Rent & Utilities - NBCE In Kind¹</i>	<i>(44,245)</i>
Professional Fees	16,604	<i>Depreciation & Amortization</i>	<i>(34,180)</i>
District Meetings	10,656	Pace Programming*	19,058
PACE Travel, Legal, Misc.	8,573	CIN-BAD Programming*	11,261
General Travel & Meeting Expense	7,648	Equipment*	1,535
Office Supplies, Gifts, Publications	6,061	TOTAL 2006 EXPENSES	\$532,545
Insurance	5,946	NET LOSS	\$ (55,090)
Website Services Overhead	4,664	TOTAL 2005 EXPENSES	\$582,744
Postage & Express	4,435		
General Telephone	3,945		
Counsel on Chiro Guidelines (CCGPP)	3,087		
Bank & Credit Card Servicing Fees	2,619		
Fed of Assn Reg Boards (FARB)	2,414		
Equipment Maintenance	2,121		
Bad Debt	1,000		
Storage	939		
Copies & Printing	579		

¹ We appreciate NBCE's in kind contribution of rent & utilities

*Expenses transferred to fixed assets

2006 Financial Analysis

Note: The FCLB Board of Directors has adopted a long term goal of accumulating a reserve equal to 18 months operating expenses

Net Assets: 1/1/07 \$441,162
Net Assets: 1/1/06 \$498,578
Net Assets: 1/1/05 \$557,710

FCLB Revenues

12/31/06 \$477,455
12/31/05 \$544,320
12/31/04 \$541,512

SIGNIFICANT NOTES

The 2006 figures are based on an audit by Rodahl and Company, LLC, Certified Public Accountants. 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.

2006 was a financially challenging year for FCLB. Revenue dropped by 12% in large part due to a loss in CIN-BAD usage (see CIN-BAD). In an attempt to meet this loss, and yet continue to fund PACE development, while not sacrificing services to our member boards, expenses were held to a bare minimum as we entered the 3rd and 4th quarters. We ended the year with a loss of \$55,090. This loss was funded in part through our PACE and Technology Reserves. Additional cuts have been made in the 2007 budget.



REVENUES

NBCE continues to be our main source of funding. Testing is the avenue of support for all other federations of regulatory boards. Our beautiful office space, provided by NBCE, is calculated at a value of \$44,245 and is shown as an “*in kind*” contribution¹ in the 2006 Audit. NBCE was also a platinum supporter for the 2006 conference.

CIN-BAD database revenues have decreased about 37% in 2006 from 2005. This is due to losing our two largest subscribers, ACN and Aetna. In addition, HIPDB has been named by NCQA as an acceptable source for chiropractic credentialing, creating some competition.

Conference income decreased over our Montréal program in 2005 which drew a larger than normal attendance. Conference support by chiropractic colleges and independent sources continues to be helpful in allowing FCLB to provide a top quality educational program.

Membership dues provided 10% of our budget. Dues were last increased by \$100 per category, effective 2005.

Interest income increased 37% due to more favorable rates and aggressive management of our available funds through short-term certificates of deposit.

District revenues continue to enable us to provide a quality program at our fall meetings. In addition to the excellent program, these meetings allow many board members and staff, who have limited travel dollars, to network with their peers.

2006 Financial Analysis

EXPENSES

Salaries - We currently have five full-time employees.

Employee benefits - The Federation offers full-time staff a retirement benefit and, as of 2005, a group health insurance plan.

Conference expenses dropped coinciding with smaller attendance.

Board expenses - The Federation still requests that those directors who qualify for travel coverage by their own board do not seek reimbursement from FCLB for hotel, airfare, ground transportation, and parking. FCLB directors can receive a \$100/day director's fee and up to \$50/day per diem for meals and tips. If meals are provided at the meeting, the \$50 per diem is forfeited. For 2007, the board has eliminated the \$50 per diem fee at this time in an effort to further cut expenses.

Database and web development - We continue to upgrade our CIN-BAD and web-site services. The CIN-BAD program is monitored and programmed to meet the reporting requirements of HIPDB. The FCLB reports at no charge for 27 member boards.

Mid-Year Board Meeting was held in Denver in 2006 to lower travel costs. We have a number of directors who do not qualify for outside travel support.

Professional fees include the costs for our annual audit and general legal counsel. Legal costs were reduced this year as we concentrated our use of counsel on the development of PACE and generally cut costs to reduce our deficit.

District expenses continued to operate within the income generated by registration fees and sponsorships.

PACE development totaled approximately \$27,631 compared to \$70,200 the previous year. Of this, \$19,058 in programming expenses are assigned by our auditor to fixed assets and are depreciated on a 3 year schedule. Due to the tight budget, all communication involving the review team and committee was forced to be done by phone, e-mail, etc. While the application process did go live on-line in 2006, our ability to complete the program's development has been compromised by our currently tight financial situation.

General travel and meeting expense represents travel required of the Executive Director and staff.

Bank and credit card service fees - These fees are the transaction costs charged to FCLB when people pay for our services via credit card (a function increasingly preferred by our stakeholders). We moved to a new servicing agent resulting in a 44% decrease in these costs.

FARB includes dues and travel for the FCLB President and Executive Director to the winter and fall meetings. The 2006 fall travel was cancelled due to budget restrictions.

Equipment maintenance is the service contract for our office copier and some other minor equipment maintenance.

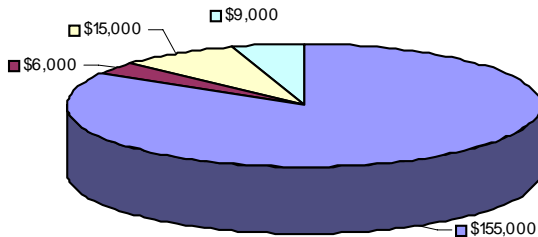
CCGPP includes dues and reimbursement of travel expenditures for two meetings attended by our representative.

Bad debt expense is an uncollectible receivable. This is not a common occurrence.



2006 Financial Analysis

RESERVE FUNDS



Cash & Cash Equivalents

The FCLB began fiscal year 2007 with \$433,829 available cash for daily operations. Of this, \$230,000 is invested in short term certificates of deposit, where we have been receiving the best interest rates while retaining maximum liquidity.

18 Months Operating Reserve

With a total of \$155,000, the fund is at 20% of our goal of an 18 month operating reserve. No additional dollars were added to the fund since December 2004. The board believes continued additions to the operating reserve are critical in light of aging equipment and software, expanded program services, and rising costs.

PACE Reserve

In anticipation of extraordinary implementation costs for the PACE program, the board approved the fund establishment in 2004 totaling \$70,000. The fund now stands at \$6,000.

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 withdrawn to help fund the 2006 deficit.

Equipment Upgrade Fund

\$9,000 has been allocated for replacement and upgrading of hardware on a 3 year rotation and the main photocopier on about an 8 year rotation. The fund has been tapped to support CIN-BAD upgrade expenses and subsequently replenished. The balance still stands at \$9,000.