

Financial Report

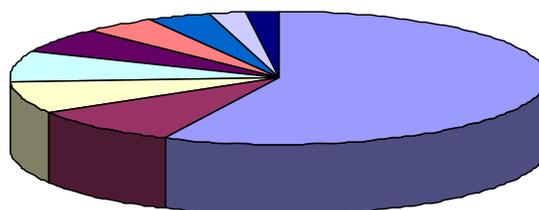
Statement of Revenues, Expenses, and Changes in Fund Balance - Accrual Basis Year Ended December 31, 2007

REVENUES

NBCE General Operations	\$250,000
NBCE Supplemental Grant	125,000
CIN-BAD subscriptions & queries	61,766
NCMIC Grant	50,000
Conference	48,895
Dues	42,050
Conference Support	28,000
Interest	24,480
District Meetings	15,556
NBCE Capital Expense Grant	12,207
Other	1,560
Directory Sales	975
<i>NBCE In Kind Contributions</i>	<i>49,923</i>

<u>TOTAL 2007 REVENUES</u>	<u>\$660,490</u>
<u>TOTAL 2006 REVENUES</u>	<u>\$477,455</u>

Major Revenue Sources



NBCE Oper Grants	CIN-BAD	NCMIC Grant
Conference	Dues	Conf Support
Interest	District Mtgs	NBCE Cap Exp Grant

<u>TOTAL REVENUES</u>	<u>\$710,413</u>
<i>NBCE In Kind Contributions</i>	<i>(49,923)</i>

EXPENSES

Salaries	\$220,850
'07 Conference Expenses	59,998
Information Technology	36,414
Employee Benefits	33,049
Board Expenses	28,480
Professional Fees	21,499
Payroll Taxes	17,527
Mid-Year Board Meeting	14,208
District Meetings	12,681
Postage & Express	6,999
Business Insurance	5,900
Office Supplies, Gifts, Publications	5,744
General Travel & Meeting Expense	4,161
CIN-BAD Operations	3,727
PACE Travel, Legal, Misc.	3,334
General Telephone	3,110
Counsel on Chiro Guidelines (CCGPP)	2,839
Bank & Credit Card Servicing Fees	2,525
Equipment Maintenance	2,124
Fed of Assn Reg Boards (FARB)	1,876
Copies & Printing	1,691
Small Equipment & Supplies	1,038

Storage	1,004
Dues (CLEAR & Assn History Chiro)	605
Directory Expense	505
Accreditation	162
Bad Debt	26
<i>Rent & Utility Expense - In Kind</i>	<i>49,923</i>
<i>Depreciation & Amortization</i>	<i>28,894</i>

<u>TOTAL EXPENSES</u>	<u>\$570,893</u>
<i>Rent & Utilities - NBCE In Kind</i>	<i>(49,923)</i>
<i>Depreciation & Amortization</i>	<i>(28,894)</i>
Pace Programming*	13,365
CIN-BAD Programming*	10,091
ALLDOCS Programming*	11,710
Equipment*	11,801

<u>TOTAL 2007 EXPENSES</u>	<u>\$539,043</u>
<u>NET GAIN</u>	<u>\$121,447</u>

<u>TOTAL 2006 EXPENSES</u>	<u>\$532,545</u>
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*additional expenses considered fixed assets

Financial Analysis

		<u>FCLB Revenues</u>	
Net Assets: 1/1/08	\$570,652	12/31/07	\$660,490
Net Assets: 1/1/07	\$441,161	12/31/06	\$477,455
Net Assets: 1/1/06	\$498,577	12/31/05	\$544,320

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, is calculated at a value of \$49,923 and is shown as an *in kind contribution* in the 2007 Audit. In addition to the \$250,000 operations grant, NBCE also graciously awarded FCLB a supplemental grant of \$125,000 in July of 2007.

CIN-BAD database revenues have declined by approximately 53% since its high of \$131,333 in 2004. This is most notably due to the loss of the two largest subscribers, ACN and Aetna. In addition, HIPDB has been named by NCQA as an acceptable source for chiropractic credentialing, creating competition from the US federal government.

NCMIC awarded FCLB \$50,000 to aid in the continual upgrading of information technology. FCLB is most grateful for NCMIC's support at this critical time.

Conference income supports one of the larger member services, enabling FCLB to provide a top quality educational program. Conference support by chiropractic colleges and independent sources continues to be helpful in meeting this valued program.

Membership dues provided 6% of the budget. Members graciously voted to increase dues by 20% effective January 1, 2008.

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

District revenues enable the Federation to provide a quality program at 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.

NBCE awarded a \$30,000 grant to FCLB to help fund capital purchases. These monies are paid upon submission of invoices to the NBCE and are available through 2008 in an effort to allow for prudent use of funds. \$12,207 was used in 2007.



FCLB Treasurer Dr. Lawrence O'Connor (NJ)

Financial Analysis

EXPENSES

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

Conference - 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.

Information Technology (IT) & Programming

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

- **PACE** has been consistently shelved by the board in tight budget years. To build it has cost the FCLB nearly \$200,000 and has been funded completely from FCLB's own operations and reserves. Programming and development was necessarily slowed in early 2007 due to lack of funds. With additional funding, the program is back on track. PACE has three providers approved with three more in the pipeline. Currently 22 jurisdictions accept PACE standards. The first course fees were received in early 2008.
- **CIN-BAD** is continually maintained and reprogrammed to meet the reporting requirements of HIPDB. The FCLB reports at no charge for 28 member boards. In late 2007 a major "scrubbing" of the database was undertaken to standardize the data to computerize the import process for new information.
- **Website and Meeting Registration** upgrades and maintenance are additional IT costs.

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. The \$50 per diem was frozen through July 2007 as a cost saving measure.

Professional fees include the CPA costs for the annual audit and general legal counsel. Legal costs included some attorney participation in board meetings, FCLB began the process to apply for a 501(c)3 designation by the IRS. This designation will bring FCLB into congruence with a number of other federations and will open the door to grants from both government agencies and private foundations.

Mid-Year Board Meeting was held in Greeley in 2007 to lower costs. A number of directors do not qualify for outside travel support. NBCE provided meeting facilities and lunch for the board and staff at no cost to the FCLB.

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

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

CCGPP includes dues and reimbursement of travel expenditures for two meetings attended by FCLB's appointee.

Bank and credit card service fees - These fees are the transaction costs charged to FCLB when services are paid for via credit card (a function increasingly preferred by stakeholders).

Financial Analysis

EXPENSES (cont'd)

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

FARB includes dues and travel for the FCLB Executive Director to one meeting. Lack of funds prohibited travel to the February Forum.

Equipment

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

- **Small Equipment & Supplies** represents equipment costing less than \$1,000.
- **Equipment** included the purchase of a reconditioned color copier. The former copier was seven years old and had 118 million copies. The "new" reconditioned copier's original cost was \$33,600 and had only 90,000 copies. This was funded from the NBCE capital purchases grant.

Bad debt expense is an uncollectible receivable. This is not a common occurrence. The Federation began 2007 projecting a \$58,595



*FCLB Finance Committee Member Dr. Denise Natale (VT)
2007 FCLB Treasurer Dr. Daniel Saint-Germain (PQ)*

SIGNIFICANT NOTES

deficit by year-end. The board of directors made major cuts to the FCLB programs and services to minimize this deficit.

The reasons for and causes of this deficit were explained candidly to the member boards and friends at the 2007 Annual Business Meeting.

The response of member boards and friends has been deeply appreciated and has allowed the FCLB to end the year 2007 in the black.

The delegates voted at the 2007 Annual meeting to increase member dues by 20% effective 2008.

In July 2007 NBCE graciously awarded the FCLB a supplemental operations grant of \$125,000.

In December 2007, NCMIC kindly awarded the FCLB a \$50,000 technology development grant and a \$15,000 / year grant for the next four years for continuing technology upgrades.

After receiving the July \$125,000 grant, the FCLB board adopted a revised balanced budget while maintaining tight reigns on spending.

The revised budget included contracting with an independent consultant for a complete technical analysis of the FCLB information technology infrastructure. This analysis revealed that FCLB was 8-10 years out of date and a complete revamping of the databases was recommended. The initial verbal estimated cost was \$150,000. The revamping of the technology infrastructure began in December 2007.

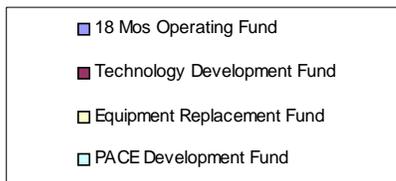
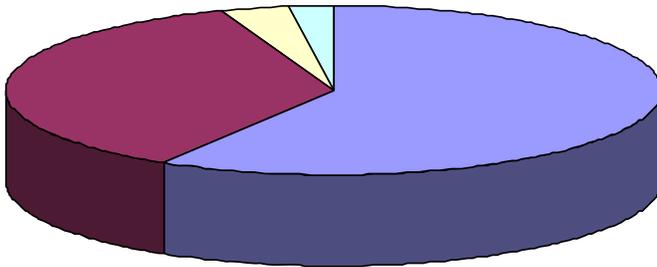
With receipt of the unexpected grants the last half of 2007, and in recognition of the projected \$150,000 needed for revamping the FCLB technology infrastructure, the board voted to reserve \$80,000 for the necessary funding of this project which would be expensed in 2008.

The Federation appreciates the support and concern of its members and friends. It is through your caring that the Federation is able to maintain the superior level of service you have come to recognize and the leadership team desires to give.

Financial Analysis

RESERVE FUNDS

FCLB 2007 Year End Reserve Funds



Cash & Cash Equivalents

The FCLB began fiscal year 2007 with \$431,875 available cash for daily operations. Of this, \$332,050 was invested in short term certificates of deposit, where FCLB has been receiving the best interest rates while retaining maximum liquidity.

18 Months Operating Reserve

With a total of \$155,000, the fund is at 14% of the board's goal of an 18 month operating reserve. No additional dollars have been added to the fund since December 2004. The board believes 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. 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 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. The current balance is \$95,000.

Equipment Upgrade Fund

\$9,000 has been allocated to replace and upgrade hardware on a three to eight year rotation schedule. The fund has been tapped in the past to support CIN-BAD upgrade expenses and subsequently replenished. The balance still stands at \$9,000.