Federation of Chiropractic Licensing Boards

Financial Statements and Supplementary Information
For the Years Ended December 31, 2013 and 2012

ACM
Anton Collins Mitchell LLP
Accountants & Consultants

An Independent Member of
BDO Seidman Alliance

Federation of Chiropractic Licensing Boards

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Independent Auditor's Report

Board of Directors
Federation of Chiropractic Licensing Boards
Greeley, Colorado

We have audited the accompanying financial statements of the Federation of Chiropractic Licensing Boards, a nonprofit organization (the "Organization"), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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 our 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 audit 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 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 financial position of the Federation of Chiropractic Licensing Boards as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Anton Collins Mitchell LLP
Accountants & Consultants

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Anton Collins Mitchell LLP

Greeley, Colorado
February 12, 2014

Financial Statements

Federation of Chiropractic Licensing Boards

Statements of Financial Position

December 31,	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	$ 472,383	$ 506,998
Certificates of deposit	373,034	320,646
Accounts receivable	4,940	738
Prepaid expenses	14,764	19,435
Total current assets	865,121	847,817
Property and equipment:		
Office furniture and equipment	38,699	54,257
Less: accumulated depreciation	(36,357)	(49,277)
Total property and equipment	2,342	4,980
Other long-term assets:		
Software, net of accumulated amortization of $411,408 and $406,613	-	4,795
Total other long-term assets	-	4,795
Total assets	$ 867,463	$ 857,592
Liabilities and net assets		
Current liabilities:		
Accounts payable	$ 6,737	$ 2,432
Accrued expenses	30,145	28,747
Deferred revenue	13,659	43,304
Total current liabilities	50,541	74,483
Commitments and contingencies		
Net assets:		
Unrestricted:		
Board designated	526,241	486,701
Undesignated	290,681	296,408
Total net assets	816,922	783,109
Total liabilities and net assets	$ 867,463	$ 857,592

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

Federation of Chiropractic Licensing Boards

Statements of Activities

For the years ended December 31,	**2013**	2012
Unrestricted net assets:		
Support, revenues, and gains:		
Contributions and grants	**$ 499,904**	$ 511,482
Conferences and meetings	**69,454**	72,110
Membership dues	**64,180**	59,845
Data bank user fees	**34,620**	45,101
In-kind contributions	**31,156**	34,703
Auction, net	**27,950**	-
Supporter income	**27,200**	25,500
PACE income	**25,389**	11,635
Interest income	**4,271**	4,135
Miscellaneous income	**3,082**	11,208
CCCA income	**1,000**	-
Directory sales	**-**	300
Total unrestricted support, revenues and gains	**788,206**	776,019
Expenses and losses:		
Operating expenses	**754,393**	755,363
Total expenses and losses	**754,393**	755,363
Total increase in net assets	**33,813**	20,656
Net assets at beginning of year	**783,109**	762,453
Net assets at end of year	**$ 816,922**	$ 783,109

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

Federation of Chiropractic Licensing Boards

Statements of Cash Flows

For the years ended December 31,	**2013**	2012
Cash flows from operating activities:		
Increase in net assets	**$ 33,813**	$ 20,656
Adjustments to reconcile increase in net assets to net cash flows from operating activities:		
Depreciation	**2,638**	5,565
Amortization	**4,795**	14,248
(Increase) decrease in operating assets:		
Accounts receivable	**(4,202)**	1,044
Prepaid expenses	**4,671**	(9,780)
Increase (decrease) in operating liabilities:		
Accounts payable	**4,305**	(209)
Accrued expenses	**1,398**	(1,654)
Deferred revenue	**(29,645)**	6,084
Net cash flows from operating activities	**17,773**	35,954
Cash flows from investing activities:		
Matured certificates of deposits	**320,646**	96,542
Certificates of deposits purchased	**(373,034)**	(221,826)
Net cash flows from investing activities	**(52,388)**	(125,284)
Net change in cash and cash equivalents	**(34,615)**	(89,330)
Cash and cash equivalents at beginning of year	**506,998**	596,328
Cash and cash equivalents at end of year	**$ 472,383**	$ 506,998

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

1. Summary of Significant Accounting Policies

Organization

The Federation of Chiropractic Licensing Boards (the "Organization") was formed in 1926 and formally incorporated in 1966 for charitable and educational purposes and for the purpose of lessening burdens on government and, more specifically: to provide programs and services that assist member chiropractic licensing boards in fulfilling their statutory obligations to regulate the profession in the interest of public protection. These programs and services shall include, but not be limited to, those that promote uniform standards among licensing boards, examination and testing services, and educational programs teaching chiropractic (including those leading to the Doctor of Chiropractic degree, postgraduate chiropractic education, diplomate and certification programs, and continuing education for relicensure purposes).

Financial Statement Presentation

The Organization follows the accounting standards set by the Financial Accounting Standards Board, commonly referred to as the "FASB." The FASB sets accounting principles generally accepted in the United States of America ("GAAP") that the Organization follows to ensure the financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these footnotes are to the *FASB Accounting Standards Codification,* sometimes referred to as the Codification or ASC.

The financial statements are prepared on the accrual basis of accounting and are in conformity with FASB ASC 958-205 *Not-for-Profit Entities, Presentation of Financial Statements*. Under ASC 958-205 the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances. Insurance coverage is up to $250,000 per depositor at each financial institution. The Organization had no amounts on deposit in excess of federally insured limits at December 31, 2013 and 2012.

Accounts Receivable

Receivables are recorded at the invoiced amount. The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. As of December 31, 2013 and 2012, an allowance was not considered necessary.

Revenue Recognition

Contributions are recorded when received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. There were no revenue restrictions for December 31, 2013 and 2012.

Revenues received from the National Board of Chiropractic Examiners ("NBCE"), during the years ended December 31, 2013 and 2012 represent 67.5% and 67.4% of the Organization's total revenues.

Data bank queries and dues are recognized when earned. Conference fees received in advance are recorded as deferred revenue and are recognized at the time of the conference.

Property and Equipment

Property and equipment, with a unit cost of $1,000 or more, and a useful life of greater than one year, are capitalized and are stated at cost less the accumulated depreciation. Office furniture and equipment are depreciated using the straight-line method over three to seven years. Computer software is amortized over five years using the straight-line method.

Long-Lived Assets

Management periodically reviews long-lived assets, including identifiable intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization evaluates the recoverability of its long-lived assets based on estimated undiscounted future cash flows and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived asset. If impaired, the long-lived asset is written down to its estimated fair value. No events have occurred which indicate the carrying amount of the Organization's long-lived assets may not be recoverable.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1). However, income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization had no unrelated business income during the years ended December 31, 2013 and 2012.

The Organization follows guidance to account for any uncertainty in income taxes with respect to the accounting for all tax positions taken (or expected to be taken) on any income tax return. This guidance applies to all open tax periods in all tax jurisdictions in which the Organization is required to file an income tax return. Under GAAP, in order to recognize an uncertain tax benefit the taxpayer must be more likely than not of sustaining the position and the measurement of the benefit is calculated as the largest amount that is more than 50 percent likely to be realized upon resolution of the benefit.

The Organization determined that no uncertain tax positions have been taken or are expected to be taken that could have a material effect on the Organization's income tax liabilities. In management's opinion, adequate provisions for income taxes have been made for all years after 2010 (all open years).

Management makes judgments regarding the interpretation of tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Organization operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions as well as by the Internal Revenue Service.

Compensated Absences

The Organization will pay a limited amount of accrued vacation upon termination or retirement. As of December 31, 2013 and 2012, the Organization had accrued $9,906 and $8,570 in compensated absences, which is included in accrued expenses in the accompanying statements of financial position.

2. Related Party

The Organization receives significant support from the NBCE, a not-for-profit organization that is a related party through the existence of common board members with voting rights. The Organization received $499,904 and $511,482 from the NBCE during the years ended December 31, 2013 and 2012 as provided by in an agreement between the two organizations dated November 7, 2008. In addition the NBCE provided the organization with $20,700 and $15,000 toward shared conference expenses for December 31, 2013 and 2012, respectively, for annual conference expenses.

The Organization has a lease agreement dated December 3, 2004 with NBCE for office space. NBCE provides approximately 1,940 square feet of furnished office space for $1.00 per year. NBCE has determined the fair value of the in-kind contributions based on fair market rents charged for similar facilities in the area at December 31, 2013 and 2012.

The Organization's in-kind contributions have been valued using level 2 inputs as follows:

For the years ended December 31,	**2013**	2012
Rent	**$ 26,160**	$ 29,220
Utilities	**4,996**	5,483
Total in-kind contribution	**$ 31,156**	$ 34,703

The total contribution is reported on the statement of activities under revenue as in-kind contributions. The corresponding rent and utilities expense amounts are reported under operating expenses.

3. Commitments and Contingencies

Commitments

The Organization has entered into various contracts with hotels for its future annual meetings. Such contracts contain staggered cancellation fee structures under which the Organization would be required to compensate the hotels should a meeting be cancelled. As of December 31, 2013, the accumulated maximum potential cancellation fees approximated $194,000. None of this amount has been recorded in the accompanying financial statements because the Organization has determined the likelihood of such cancelation payments being made to be remote.

4. Retirement Plan

The Organization maintains a Simplified Employee Pension - Individual plan (the "Plan") for its employees. The Organization agrees to provide for discretionary contributions to the individual retirement accounts of all eligible employees. During the years ended December 31, 2013 and 2012 the Organization's expense was $13,683 and $13,349, respectively.

5. Board Designated Unrestricted Net Assets

Net assets designated by the Organization's Board of Directors are available for the following purposes:

	2013	2012
General operations	**$ 278,766**	$ 255,266
Technological development	**155,000**	155,000
PACE development	**46,000**	46,000
Equipment upgrade	**19,000**	19,000
Student leadership	**9,085**	8,335
Chiropractic Board Administrator's Fund	**2,040**	3,100
Certified clinical chiropractic assistant fund	**16,350**	-
Net assets	**$ 526,241**	$ 486,701

As noted above, these funds are Board designated. The Organization is under no contractual or donor-specified obligation to maintain these funds.

6. Subsequent Events

Management has evaluated subsequent events through February 12, 2014, the date that the financial statements were available to be issued. No transactions or events that would require adjustment to or disclosure in the financial statements were identified.

Supplementary Information

Federation of Chiropractic Licensing Boards

Schedules of Operating Expenses

For the years ended December 31,	**2013**	2012
Operating expenses		
Salaries	**$ 283,611**	$ 269,848
Meeting expenses	**216,161**	217,293
Information technology	**49,477**	33,567
Health insurance	**36,956**	35,229
Building rent and utilities	**31,157**	34,703
Legal services	**28,362**	40,798
Payroll taxes	**21,822**	21,254
Retirement	**13,683**	13,349
Equipment maintenance	**7,612**	6,517
Postage and shipping	**7,441**	9,944
Insurance	**6,791**	5,918
Telephone	**6,770**	6,876
Audit services	**6,550**	6,250
Internet services	**6,044**	5,801
Gifts and awards	**5,877**	3,706
Office supplies and publications	**5,175**	5,529
Amortization	**4,795**	14,248
Bank fees	**4,047**	4,817
Dues	**3,180**	3,180
Depreciation	**2,638**	5,565
Public relations	**2,155**	1,090
Small equipment	**1,307**	5,121
Printing	**1,101**	2,034
Storage	**1,093**	1,076
Bad debts	**382**	-
Staff development	**169**	-
Resident agent and filing fees	**37**	37
Miscellaneous	**-**	653
Contract labor	**-**	960
Total operating expenses	**$ 754,393**	$ 755,363

See accompanying Independent Auditor's Report.