



Federation of Chiropractic Licensing Boards

Financial Statements and Supplementary
Information

For the Years Ended December 31, 2012 and 2011

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, 2012 and 2011, 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, 2012 and 2011, 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.



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 20, 2013

Financial Statements

Federation of Chiropractic Licensing Boards

Statements of Financial Position

December 31,	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 506,998	\$ 596,328
Certificates of deposit	320,646	195,362
Accounts receivable	738	1,782
Prepaid expenses	19,435	9,655
Total current assets	847,817	803,127
Property and equipment:		
Office furniture and equipment	54,257	54,257
Less: accumulated depreciation	(49,277)	(43,712)
Total property and equipment	4,980	10,545
Other long-term assets:		
Software, net of accumulated amortization of \$406,613 and \$388,365	4,795	19,043
Total other long-term assets	4,795	19,043
Total assets	\$ 857,592	\$ 832,715
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 2,432	\$ 2,641
Accrued expenses	28,747	30,401
Deferred revenue	43,304	37,220
Total current liabilities	74,483	70,262
Commitments and contingencies		
Net assets:		
Unrestricted:		
Board designated	486,701	463,579
Undesignated	296,408	298,874
Total net assets	783,109	762,453
Total liabilities and net assets	\$ 857,592	\$ 832,715

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

Federation of Chiropractic Licensing Boards
Statements of Activities

<i>For the years ended December 31,</i>	2012	2011
Unrestricted net assets:		
Support, revenues, gains and reclassifications:		
Contributions and grants	\$ 511,482	\$ 504,702
Conferences and meetings	72,110	66,085
Membership dues	59,845	56,800
Data bank user fees	45,101	40,681
In-kind contributions	34,703	35,980
Supporter income	25,500	32,415
Net assets released from restriction	-	10,543
Interest income	4,135	6,683
PACE income	11,635	4,825
Miscellaneous income	11,208	2,950
Directory sales	300	825
Total unrestricted support, revenues and gains	776,019	762,489
Expenses and losses:		
Operating expenses	755,363	776,360
Total expenses and losses	755,363	776,360
Increase (decrease) in unrestricted net assets	20,656	(13,871)
Temporarily restricted net assets:		
Net assets released from restriction	-	(10,543)
Decrease in temporarily restricted net assets	-	(10,543)
Total increase (decrease) in net assets	20,656	(24,414)
Net assets at beginning of year	762,453	786,867
Net assets at end of year	\$ 783,109	\$ 762,453

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

Federation of Chiropractic Licensing Boards

Statements of Cash Flows

<i>For the years ended December 31,</i>	2012	2011
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 20,656	\$ (24,414)
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation	5,565	6,530
Amortization	14,248	17,683
Bad debt recovery expense	-	(200)
(Increase) decrease in operating assets:		
Accounts receivable	1,044	1,936
Contributions receivable, net	-	12,459
Prepaid expenses	(9,780)	10,319
Increase (decrease) in operating liabilities:		
Accounts payable	(209)	2,239
Accrued expenses	(1,654)	4,550
Deferred revenue	6,084	8,446
Net cash flows from operating activities	35,954	39,548
Cash flows from investing activities:		
Purchase of property and equipment	-	(5,318)
Matured certificates of deposits	96,542	269,973
Certificates of deposits purchased	(221,826)	(2,676)
Net cash flows from investing activities	(125,284)	261,979
Net change in cash and cash equivalents	(89,330)	301,527
Cash and cash equivalents at beginning of year	596,328	294,801
Cash and cash equivalents at end of year	\$ 506,998	\$ 596,328

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

Federation of Chiropractic Licensing Boards

Notes to 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. All of the Organization's non-interest bearing cash balances were fully insured at December 31, 2012, due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under the program, there is no limit to the amount of insurance for eligible accounts. On January 1, 2013, insurance coverage reverted to \$250,000 per depositor at each financial institution, and the Organization's non-interest bearing cash balances may again exceed federally insured limits. The Organization had no interest-bearing amounts on deposit in excess of federally insured limits at December 31, 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, 2012 and 2011, 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.

Federation of Chiropractic Licensing Boards

Notes to Financial Statements

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.

Revenues received from the National Board of Chiropractic Examiners (“NBCE”), during the years ended December 31, 2012 and 2011 represent 67.4% and 67.5% 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, 2012 and 2011.

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.

Federation of Chiropractic Licensing Boards

Notes to Financial Statements

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 2009 (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, 2012 and 2011, the Organization had accrued \$8,570 and \$10,868 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 \$511,482 and \$500,000 from the NBCE during the years ended December 31, 2012 and 2011 as provided by in an agreement between the two organizations dated November 7, 2008. In addition the NBCE provided the organization with \$15,000 of support each of the past two years 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, 2012 and 2011.

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

<i>For the years ended December 31,</i>	2012	2011
Rent	\$ 29,220	\$ 29,220
Utilities	5,483	6,760
Total in-kind contribution	\$ 34,703	\$ 35,980

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, 2012, the accumulated maximum potential cancellation fees approximated \$163,000. None of this amount has been recorded in the accompanying financial statements because the Organization has determined the likelihood of such cancellation payments being made to be remote.

Federation of Chiropractic Licensing Boards

Notes to Financial Statements

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Federation of Chiropractic Licensing Boards
Notes to Financial Statements

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, 2012 and 2011 the Organization's expense was \$13,349 and \$10,536, respectively.

5. Board Designated Unrestricted Net Assets

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

	2012	2011
General operations	\$ 255,266	\$ 233,550
Technological development	155,000	155,000
PACE development	46,000	46,000
Equipment upgrade	19,000	19,000
Student leadership	8,335	7,035
Chiropractic Board Administrator's Fund	3,100	2,994
Net assets	\$ 486,701	\$ 463,579

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 20, 2013, 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

<i>For the years ended December 31,</i>	2012	2011
Operating expenses		
Salaries	\$ 269,848	\$ 269,717
Meeting expenses	217,293	241,247
Legal services	40,798	35,993
Health insurance	35,229	34,691
Building rent and utilities	34,703	35,980
Information technology	33,567	38,479
Payroll taxes	21,254	21,350
Amortization	14,248	17,683
Retirement	13,349	10,536
Postage and shipping	9,944	11,408
Telephone	6,876	6,683
Equipment maintenance	6,517	7,481
Audit services	6,250	6,000
Insurance	5,918	5,756
Internet services	5,801	5,757
Depreciation	5,565	6,530
Office supplies and publications	5,529	6,480
Small equipment	5,121	903
Bank fees	4,817	3,474
Gifts and awards	3,706	3,349
Dues	3,180	3,648
Printing	2,034	1,359
Public relations	1,090	884
Storage	1,076	641
Contract labor	960	294
Miscellaneous	653	-
Resident agent and filing fees	37	37
Total operating expenses	\$ 755,363	\$ 776,360

See accompanying Independent Auditors' Report.