NEVADA STATE BOARD OF MEDICAL EXAMINERS

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

JUNE 30, 2006 AND 2005

NEVADA STATE BOARD OF MEDICAL EXAMINERS
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INDEPENDENT AUDITORS' REPORT

Board Members
Nevada State Board of Medical Examiners
Reno, Nevada

We have audited the accompanying basic financial statements of the Nevada State Board of Medical Examiners (a state agency) as of and for the years ended June 30, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of the Nevada State Board of Medical Examiners' management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nevada State Board of Medical Examiners as of June 30, 2006 and 2005, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages three through seven is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Nevada State Board of Medical Examiners' basic financial statements. The other supplementary schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

August 17, 2006

Management's Discussion and Analysis

Within this section of the Nevada State Board of Medical Examiners' (Board) annual financial report, the Board's management provides narrative discussion and analysis of the financial activities of the Board for the fiscal year ended June 30, 2006. The Board's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The Board's assets exceeded its liabilities by $1,038,078 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by $1,860,140 or a decrease of (44%).

- Total Assets include cash, capital assets, net of accumulated depreciation and other assets. This represents a decrease of $(1,847,791) or (35%).

- Total liabilities, which include deferred revenue of the Board, decreased by $(1,025,729) to $2,342,836 or (30%) during the fiscal year.

- Total net assets are comprised of the following:

    1. Capital assets include property and equipment.

    2. Unrestricted net assets of $543,069 represent the portion available to maintain the Board's continuing obligations and operations.

- During the current year the operating expenses were $3,411,706.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Board's basic financial statements, which include: 1. The basic financial statements and 2. Notes to the financial statements. The Board also includes in this report additional information to supplement the basic financial statements.

Board's Financial Statements

The financial report for the general fund uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these statements is the Balance Sheet. This is the Board's statement of position presenting information that includes all of the Board's assets and liabilities, with the difference reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Board as a whole is improving or deteriorating.

The second statement is the Statement of Revenues, Expenses and Changes in Net Assets which reports how the Board's net assets changed during the current fiscal year. All current year revenues are the result of the recognition of previously received cash, and expenses are included regardless of when cash is paid. An important purpose of the design of the statement of revenues, expenses and changes in net assets is to show the financial reliance of the Board's distinct activities or functions on revenues provided by the licensing process.

The third statement is the Statement of Cash Flow. This outlines the changes in cash balances. The changes consist of cash receipts and payments for the current year by category.

The financial statements reflect operations of the Board that are principally supported from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The Board's activities include the regulation and licensing of various medical related fields which include medical doctors, physician assistants and respiratory therapists.

The accompanying notes to the financial statements provide information essential to a full understanding of the Board's financial statements. The notes to the financial statements begin immediately following the basic financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required other supplementary information which includes a budget to actual comparison schedule using the format from the statement of revenues, expenses, and changes in net assets.

Financial Analysis of the Board as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Board as a whole.

The Board's net assets at fiscal year-end are $1,038,070. This is a $(822,062) decrease from last year's net assets of $1,860,140. The following table provides a summary of the Board's net assets:

Summary of Net Assets

	2006	2005	Amount Change	% Change
Current and other assets	$ 3,083,755	$ 4,938,931	$ (1,855,176)	(37%)
Capital assets, net of A/D	297,159	289,774	7,385	2%
Total assets	3,380,914	5,228,705	(1,847,791)	(35%)
Current liabilities	2,342,836	3,368,565	(1,025,729)	(30%)
Total liabilities	2,342,836	3,368,565	(1,025,729)	(30%)
Net Assets				
Invested in capital assets	495,009	430,077	64,932	15%
Unrestricted	543,069	1,430,063	(886,994)	(62%)
Total net assets	$ 1,038,078	$ 1,860,140	$ (822,062)	(44%)

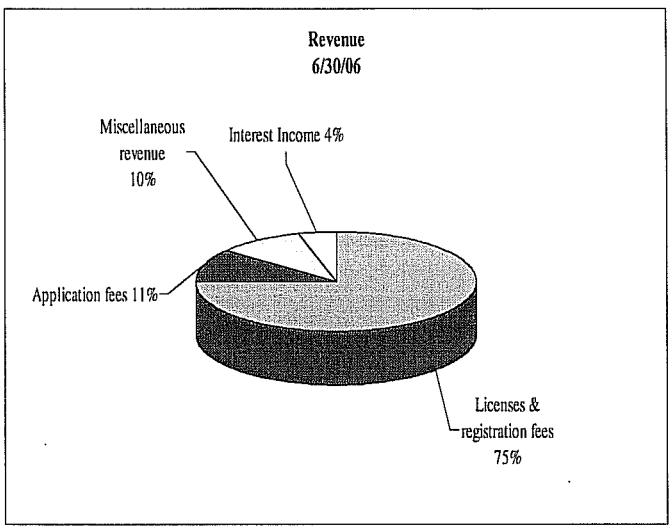
Market performance continues to be a concern to the Board. The safeguarding and maintenance of the Board's most liquid assets is a priority. Investment income is also a component of the resources funding the Board's continuing operations. As the market stabilized, interest rate increase and our investment income followed suit.

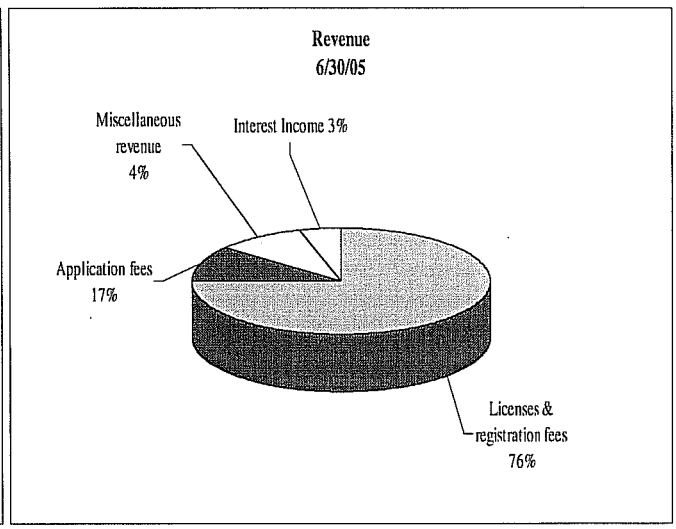
- For the fiscal year ending June 30, 2006, losses increased to $(822,062) from $(1,113,933) in the prior year. This decline was expected due to the anticipated increased expenses for office expansions and additional staffing in the prior year. During the current fiscal year there were investigative procedural changes which significantly increased the number of investigations and the related costs.

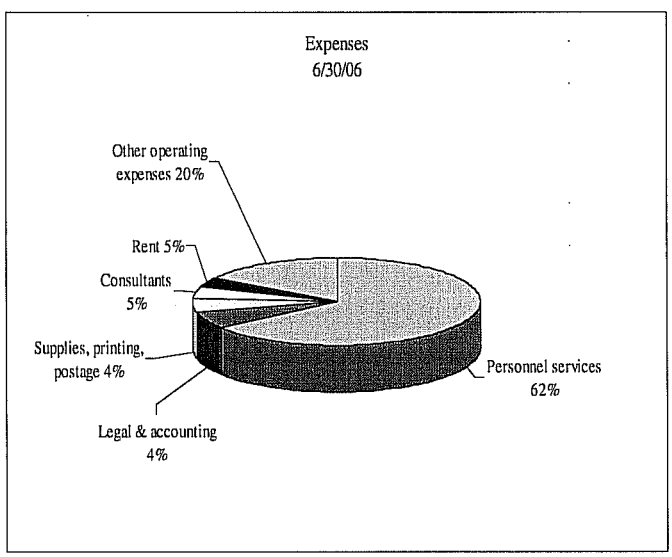
Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the Board's changes in net assets:

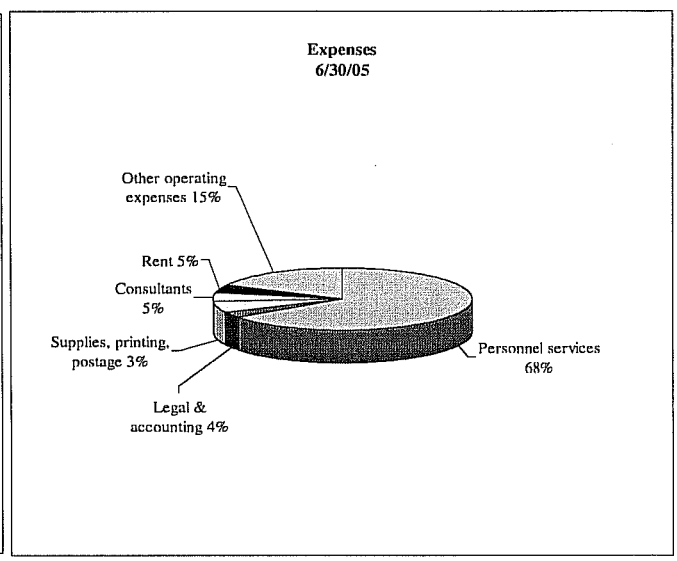
Summary of Changes in Net Assets

	2006	2005	Amount Change	% Change
Revenues	$ 2,473,915	$ 1,675,880	$ 798,035	47%
Expenses personnel	2,156,566	1,805,125	351,441	19%
Operations	1,255,140	1,043,224	211,916	20%
Total expenses	3,411,706	2,848,349	563,357	19%
Interest income	115,729	58,536	57,193	97%
Change in net assets	(822,062)	(1,113,933)	291,871	(26%)
Beginning net assets	1,860,140	2,974,073	(1,113,933)	(37%)
Ending net assets	$ 1,038,078	$ 1,860,140	$ (822,062)	(44%)









Financial Analysis of the Board's Funds

The Board's operating fund decreased by ($822,062), as a result of an increase in operating costs. The increase of operating costs is due to procedural changes in investigations, increased hearings and legal matters. With additional staffing, the Board required more office space in Reno and an additional office in Las Vegas for the use of legal and investigation interviews. The increase does not reflect the purchase of capital equipment. Licensing revenues have increased due to the continued population growth in the State of Nevada.

Budgetary Highlights

The Board's budget for fiscal year 2006 was approximately $2.4 million. Revenues exceeded the budget by $42,565. Operating expenses were lower than budgeted by $135,034. The Board's budget was not amended during the year.

The Board's budget included appropriations of prior years' accumulated fund balance in support of the Board's plan for unknown contingencies, facility repair and equipment maintenance and replacement.

The budget also included additional costs for legal fees and investigations in relation to the increase in the number of cases processed by the Board.

Capital assets

The Board's investment in capital assets, net of accumulated depreciation as of June 30, 2006 and June 30, 2005 was $297,159 and $289,774, respectively. The increase was 2%. Capital asset additions during the current fiscal year included computers and office equipment of $88,674.

Capital Assets
Net of Accumulated Depreciation

	2006	2005	% Change
Depreciable Assets:			
Leasehold improvements	$ 18,236	$ 6,851	166%
Furniture and equipment	183,525	155,874	17%
Computers, software, and printers	95,398	127,049	(24%)
Total capital assets	$ 297,159	$ 289,774	2%

Economic Environment and Next Year's Budgets and Rates

The Board increased the budget for personnel expense for the current year to cover the cost of hiring additional investigators, licensing specialists and legal counsel, and to cover the cost of replacement and training of key employees.

The Board has been forced to use already accumulated funds, due to lower licensing fees and increasing costs. The intent of the 2005-2006 budget was to have less than $600,000 left in unrestricted net assets (deemed an appropriate and prudent balance to cover any unexpected contingencies); this goal has been met.

Licensing fees were increased for the next renewal period to compensate for the additional operating expenses. The Board aims to retain as a surplus, approximately 9 months operating expenses.

The Board continues to see increased license applications, increased investigation files being opened, and increased prosecutions for violations of the Medical Practice Act by licensees. As the state continues to grow, so too does the business of the Board.

NEVADA STATE BOARD OF MEDICAL EXAMINERS
BALANCE SHEETS - PROPRIETARY FUND
JUNE 30, 2006 AND 2005

ASSETS

	2006	2005
CURRENT ASSETS		
Cash (Note B)	$ 157,937	$ 1,471,381
Short-term investments (Note C)	2,848,000	3,437,000
Total current assets	3,005,937	4,908,381
CAPITAL ASSETS, net (Note D)	297,159	289,774
OTHER ASSETS		
Compliance receivable	57,747	
Prepaid expenses	20,071	30,550
Total assets	$ 3,380,914	$ 5,228,705

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$ 80,596	$ 20,087
Accrued compensated absences and other liabilities	134,089	90,592
Other liabilities	13,410	
Deferred revenue (Note A)	2,114,741	3,257,886
Total current liabilities	2,342,836	3,368,565
NET ASSETS		
Invested in capital assets	495,009	430,077
Unrestricted net assets	543,069	1,430,063
Total net assets	1,038,078	1,860,140
Total liabilities and net assets	$ 3,380,914	$ 5,228,705

See accompanying notes

NEVADA STATE BOARD OF MEDICAL EXAMINERS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
OPERATING REVENUE		
Licenses and registration fees	$ 1,939,052	$ 1,325,308
Application fees	280,500	290,150
Miscellaneous revenue	254,363	60,422
Total operating revenue	2,473,915	1,675,880
OPERATING EXPENSES		
Personnel services	2,156,566	1,805,125
Investigation	163,847	184,184
Rent	146,073	134,604
Operating supplies, printing and postage	142,673	98,047
Diversion program	137,500	110,000
Legal and accounting	132,925	108,377
Travel	111,980	80,702
Depreciation	81,290	71,488
Advertising	73,605	70,124
Bad debt	57,747	-
Hearing officers	50,340	35,823
Telephone	47,315	35,905
Maintenance	33,612	44,449
Equipment rental	27,641	23,291
Host fund	22,009	22,689
Dues and registrations	11,443	12,271
Education and training	7,967	4,325
Insurance	7,173	6,945
Total operating expenses	3,411,706	2,848,349
Operating (loss)	(937,791)	(1,172,469)
NON-OPERATING REVENUE		
Interest income	115,729	58,536
Change in net assets	(822,062)	(1,113,933)
TOTAL NET ASSETS, beginning	1,860,140	2,974,073
TOTAL NET ASSETS, ending	$ 1,038,078	$ 1,860,140

See accompanying notes

NEVADA STATE BOARD OF MEDICAL EXAMINERS
STATEMENTS OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	$ 1,278,189	$ 3,692,915
Payments for operating expenses	(1,094,792)	(1,115,230)
Payments for personnel services	(2,112,897)	(1,775,284)
Net cash provided (used) by operating activities	(1,929,500)	802,401
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	115,729	58,536
Proceeds from certificates of deposit	1,457,000	1,092,000
Purchases of certificates of deposit	(868,000)	(2,244,000)
Net cash provided (used) by investing activities	704,729	(1,093,464)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisitions of capital assets	(88,673)	(82,378)
NET DECREASE IN CASH	(1,313,444)	(373,441)
CASH BALANCES - BEGINNING	1,471,381	1,844,822
CASH BALANCES - ENDING	157,937	$ 1,471,381
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
OPERATING LOSS	$ (937,791)	$ (1,172,469)
Adjustments to reconcile operating income (loss) to net cash flow from operating activities		
Depreciation expense	81,290	71,488
Bad debt	57,747	
Change in assets and liabilities:		
Compliance Receivable	(115,495)	-
Prepaid expenses	10,479	(7,250)
Deferred revenue	(1,143,146)	1,900,946
Accounts payable	60,509	(19,928)
Other current liabilities	13,410	-
Accrued liabilities	43,497	29,614
Net cash provided (used) by operating activities	$ (1,929,500)	$ 802,401

See accompanying notes

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Nevada State Board of Medical Examiners (the Board) was established by Nevada Revised Statutes to function as an independent government agency. The Board is the licensing and regulatory agency for physicians, physician assistants and respiratory therapists in the State of Nevada.

The financial statements of the Board have been prepared in accordance with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for establishing governmental accounting and financial reporting principles.

A summary of the Board's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Reporting Entity

   The Board reports its financial condition on an annual basis to the State of Nevada, Department of Administration. The Board's financial statements are not included in the basic financial statements of the State of Nevada.

2. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

   The Board uses a proprietary fund to account for its financial position and results of operations. Proprietary fund types are used to account for activities conducted on a fee-for-service basis in a manner similar to commercial enterprises. The measurement focus is upon determination of net income, financial position and changes in cash flows.

   The Board applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

   The Board maintains its accounting records on an economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

   Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the Board. The primary sources of revenue are licensing, registration and application fees from physicians, physician assistants and respiratory therapists. Other revenues are composed of fines charged for non-compliance with the regulations, and fees charged for criminal background checks, copy requests, letters of verification, physician listings, label requests, and legal fee recoveries. Operating expenses include administrative costs and depreciation of capital assets. Interest income earned from the Board's investing activities is presented as non-operating revenue.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Budgetary Data

Formal budgetary accounting is employed as a management control. Annual operating budgets are adopted each fiscal year by the Board. The budget is prepared using generally accepted accounting principles.

4. Cash, Cash Equivalents and Short-Term Investments

Cash and investments are carried at cost, which approximates market value. The carrying amounts of cash and investments are separately presented on the balance sheets as "cash" and "short-term investment" (certificates of deposit).

The balances in the cash accounts are available to meet current operating requirements and are readily identifiable. Cash in excess of current requirements is invested in various interest-bearing investment accounts as allowed by NRS 630.110.4(a).

Interest is accrued on short-term investments at year-end as the short-term investments are generally held to maturity.

5. Capital Assets

Equipment, furniture, and fixtures purchased by the Board are presented in the balance sheets as capital assets. Depreciation is determined using the straight-line method based upon the estimated useful lives of the assets, generally estimated as follows: furniture and fixtures, seven years and computers, computer software and equipment, five years. The policy of the Board is to capitalize acquisitions over $500. Repairs and maintenance, which are not considered betterments and do not extend the useful life of the property are charged to expense as incurred. When property is retired or otherwise disposed of, the asset and accumulated depreciation are removed from the accounts and the resulting gain or loss on disposition is reflected in non-operating revenues.

6. Deferred Revenue

The Board administers its licensing registration on biennial periods. Deferred revenue represents revenue from the biennial renewal of licenses and is recognized ratably over the renewal period.

It is the Board's policy to recognize the costs for sick days and other absences when taken by employees.

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES) (Continued)

7. Compensated Absences

Employees of the Board, depending on job classification, length of service and other factors, are entitled to paid vacations at the employees' standard hourly compensation rates. An accrual for accumulated and vested vacation (compensated absences) has been established as a liability in the accompanying financial statements.

8. Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of 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.

9. Income Taxes

The Nevada State Board of Medical Examiners is a state agency and not subject to federal income taxes under Code Section 115(1), 1954 I.R.C.

NOTE B – CASH

Cash consisted of the following as of June 30:

	2006	2005
Checking and money market accounts	$ 157,737	$ 1,471,181
Cash on hand	200	200
Total cash	$ 157,937	$ 1,471,381

The following is a summary of the total insured, collateralized, and uninsured cash balances as of June 30:

	2006	2005
Total cash held in Wells Fargo Bank	$ 157,737	$ 1,536,036
Portion insured by FDIC	(100,000)	(100,000)
Portion collateralized by Wells Fargo Bank	(57,737)	(1,571,381)
Uninsured cash balances	$ -	$ -

Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. Wells Fargo's collateralized balances are increased throughout the year to safeguard balances in excess of FDIC coverage.

NOTE C - SHORT-TERM INVESTMENTS

Short-term investments consist of the following as of June 30:

	2006	2005
Wells Fargo Investments		
Time certificates of deposit	$ 2,848,000	$ 3,437,000

The following is a summary of the insured and uninsured short-term investments balances as of June 30:

	2006	2005
Total short-term investments	$ 2,848,000	$ 3,437,000
Portion insured by FDIC	(1,448,000)	(2,737,000)
Government backed investments	(1,400,000)	(1,400,000)
Uninsured short-term investments	$ -	$ -

By provisions of statutes, the Board is authorized to deposit all money in banks or savings and loan associations located in the State of Nevada.

NOTE D – CAPITAL ASSETS

Capital assets consisted of the following as of June 30:

	2006	2005
Furniture and equipment	$ 256,926	$ 197,986
Leasehold improvements	23,742	8,625
Computers, software and printers	238,083	223,466
	518,751	430,077
Less: accumulated depreciation	(221,592)	(140,303)
	$ 297,159	$ 289,774

Acquisitions for the years ended June 30, 2006 and 2005 were $73,557 and $82,378, respectively. There were no dispositions in either year. Depreciation expense for the years ended June 30, 2006 and 2005 were $81,290 and $71,488, respectively.

NOTE E – PENSION PLAN

The Board is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a defined benefit cost sharing multiple-employer program. PERS administers retirement, disability, death benefits and survivor benefits to participating public employees of the State of Nevada. It operates under NRS 286. To obtain a copy of the PERS annual financial report, contact the PERS office at 693 West Nye Lane, Carson City, Nevada 89703.

All full-time employees of the Board are covered by PERS. Regular employees are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service or at any age with thirty years of service. In the event that an employee retires early there is a 4% benefit reduction for each full year of early retirement. Participants are eligible for benefits of 75%-90% of average compensation, based on years of service and age at retirement. An employee is fully vested after five years of creditable service and entitled to benefits for which they are eligible.

Member contribution rates are established by statute. The statute provides for yearly increases of up to 1% until such time as the actuarially determined unfunded liability of the plan is reduced to zero. These increases are based on the percentage increase in taxable revenues over the base year of 1983. The Board is enrolled in both the employer paid contribution plan and the employer/employee paid contribution plan of PERS. The contribution rate for the employer paid contribution plan during the years ended June 30, 2006, 2005, and 2004 were 19.75%, 20.25%, and 20.25%, respectively, for regular employees on all covered payroll. The contributions made on behalf of Board employees for the years ended June 30, 2006, 2005, and 2004 were $240,400 $187,134, and $214,812, respectively. The contribution rate under the employer/employee paid contribution plan during the years ended June 30, 2006 and 2005 year was 10.50%. The contributions made on behalf of Board employees for the years ended June 30, 2006 and 2005 were $29,967 and $27,643, respectively, the contributions made by employees for the years ended June 30, 2006 and 2005 were also $29,967 and $27,643, respectively.

NOTE F - OPERATING LEASE

The Board leases office space in Reno under a contract expiring March 31, 2009. Rent expense increased $.05 per square foot on July 1, 2005 and will increase $.05 per square foot each year thereafter. The Board also leases office space in Las Vegas under a contract expiring February 28, 2010. Rent expense will increase $.07 per square foot on January 1, 2006 each year thereafter. Rent expense for the years ending June 30, 2006 and 2005 was $146,073 and $134,604, respectively.

The following is a schedule, by years, of future minimum rental payments required under the operating leases for the years ending June 30:

2007	$ 145,660
2008	151,061
2009	118,214
2010	2,436
2011	-
	$ 417,371

NOTE G - RESTRICTED FUNDS AND RECOVERY OF EXPENSES

The Board at times has periodically received restricted funds in connection with physician settlement agreements whereby the physician agrees to remit amounts to the Board to be used for public protection, enforcement and public awareness efforts. During the year ended June 30, 2006 and 2005, no funds were received.

The Board also receives funds for recovery of costs incurred. Per NRS 630.352, if the Board finds that a violation by a physician has occurred, it may order the physician to reimburse to the Board all costs relating to the disciplinary proceedings. During the years ended June 30, 2006 and 2005, the Board recovered $29,329 and $2,750, respectively, relating to these costs.

NOTE H – HOST FUND

The host fund is comprised of expenses for quarterly State Medical Board meetings, quarterly Board Committee meetings and Federation of State Medical Board annual meetings. Retiring members of the Board receive an honorarium expensed from the fund. Host Fund expenses for the years ended June 30, 2006 and 2005 were $22,009 and $22,689, respectively.

OTHER SUPPLEMENTARY SCHEDULE

NEVADA STATE BOARD OF MEDICAL EXAMINERS
SCHEDULES OF REVENUES AND EXPENSES WITH BUDGET COMPARISON - PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006 ACTUAL	2006 BUDGET	VARIANCE	2005 ACTUAL	2005 BUDGET	VARIANCE
OPERATING REVENUES						
Licenses and registration fees	1,939,052	$ 1,968,150	(29,098)	$ 1,325,308	$ 1,245,400	$ 79,908
Application fees	280,500	393,200	(112,700)	290,150	258,200	31,950
Miscellaneous revenues	254,363	70,000	184,363	60,422	70,000	(9,578)
Total operating revenues	2,473,915	2,431,350	42,565	1,675,880	1,573,600	102,280
OPERATING EXPENSES						
Staff salaries	1,632,818	1,600,000	(32,818)	1,334,681	1,600,000	265,319
Retirement	271,053	249,500	(21,553)	214,777	249,500	34,723
Group health insurance	161,694	175,000	13,306	159,791	140,000	(19,791)
Payroll taxes	59,763	60,000	237	53,343	50,000	(3,343)
Board salaries	19,240	40,000	20,760	20,320	40,000	19,680
Secretary/treasurer salary	12,000	15,000	3,000	12,000	15,000	3,000
Personnel, other	-	30,000	30,000	10,213	30,000	19,787
Unallocated	-	100,000	100,000	-	100,000	100,000
Legal	105,666	150,000	44,334	79,601	150,000	70,399
Rent	146,073	150,000	3,927	134,604	120,000	(14,604)
Advertising	73,605	80,000	6,395	70,124	150,000	79,876
Postage	45,054	50,000	4,946	31,610	75,000	43,390
Investigation	163,847	150,000	(13,847)	184,184	60,000	(124,184)
Telephone	47,315	45,000	(2,315)	35,905	75,000	39,095
Travel	111,980	110,000	(1,980)	80,702	85,000	4,298
Operating supplies	55,985	70,000	14,015	53,166	60,000	6,834
Equipment rental	27,641	30,000	2,359	23,291	45,000	21,709
Hearing officers	50,340	50,000	(340)	35,823	50,000	14,177
Depreciation expense	81,290	-	(81,290)	71,489	-	(71,489)
Printing and copying	41,633	30,000	(11,633)	13,270	50,000	36,730
Accounting and audit	27,259	30,000	2,741	28,776	75,000	46,224
Host fund	22,009	25,000	2,991	22,689	20,000	(2,689)
Dues and registration	11,443	20,000	8,558	12,271	15,000	2,729
Office maintenance	9,125	35,000	25,875	18,072	20,000	1,928
Equipment maintenance	24,486	17,000	(7,486)	26,377	5,000	(21,377)
Insurance	7,173	12,500	5,327	6,945	9,000	2,055
Bad debt	57,747	0	(57,747)	-	-	-
Diversion program	137,500	150,000	12,500	110,000	150,000	40,000
Post grad-competancy	7,967	15,000	7,033	4,325	25,000	20,675
Total operating expenses	3,411,706	3,489,000	77,295	2,848,349	3,463,500	615,151
CAPITAL OUTLAY						
Office furniture and equipment	-	90,000	90,000	-	95,000	95,000
Computer-hardware and software	-	75,000	75,000	-	130,000	130,000
Total expenses	3,411,706	3,654,000	242,294	2,848,349	3,688,500	840,151
NON-OPERATING REVENUES						
Interest income	115,729	70,000	45,729	58,536	88,000	(29,464)
CHANGE IN NET ASSETS	$ (822,062)	$ (1,152,650)	$ 330,588	$ (1,113,933)	$ (2,026,900)	$ 912,967

See auditors' report