



**NCSBN**  
Leading Regulatory Excellence

***Past Event: 2023 NCSBN Annual Meeting - Committee Forum: Finance***  
**Committee Video Transcript**

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**Event**

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More info: <https://www.ncsbn.org/past-event/2023-ncsbn-annual-meeting>

**Presenter**

Adrian Guerrero, CPM, Treasurer, NCSBN Board of Directors; Director of Operations, Kansas State Board of Nursing

Good afternoon, everyone. Hello, my friends, colleagues and fellow regulators. Thank you for attending this 45th Delegate Assembly. My name is Adrian Guerrero and I am honored to serve as your NCSBN Treasurer. Thank you for permitting me a few short minutes to update you on the financial progress we've made over the past year.

And I'll ask that you please turn to the Report of the Finance Committee in the NCSBN Business Book, where you will find the FY23 highlights and the accomplishments of the committee, the independent auditor reports and the financial statements. Overseeing the finances of a large organization like ours is not a one-person show, so I'd like to take this time to recognize your dedicated and hard-working NCSBN finance committee members for the tremendous amount of work they've done this year.

And I'll ask if you're in attendance, please stand when I call your name. Chris Archuleta from Washington, Peggy Benson from Alabama, Isonel Brown from Louisiana, Sue Painter from West Virginia, Tessa Walker Linderman from Alaska and Diana Waterman from Manitoba.

Please join me in recognizing all the NCSBN finance committee members for their commitment and dedication to the mission of NCSBN. Our Committee Charge and Charter are to maintain a strong financial position that allows the organization to enhance quality, introduce new program elements and grow without compromising or jeopardizing core program delivery to nursing regulatory bodies.

And as part of our Charge, we advise the board on the overall direction and control of the finances of the organization and the committee reviews and recommends the budget to the board every year. At our August meeting, we reviewed the budget and it'll be presented to the board of directors at their September meeting. The committee monitors income and expenditures against program activities, against projections and presents the quarterly financial statements to the board.

The committee oversees the financial reporting processes, the systems of internal accounting and the financial controls the performance of the auditors. And the committee recommends to the board the

appointment of firms to serve as independent auditors and the finances of the organization are audited every year. And lastly, the committee makes recommendations to the board with respect to the investment policy and assures the organization maintains adequate insurance coverage.

And the desired impact of the committee's work is to provide the adequate financial resources to fund the tactical plans necessary to execute NCSBN's strategic initiatives over the long term and that support the public protection mission of the organization to establish a benchmark for operating reserves to help ensure financial stability. And by policy we're required to keep at least 25% of the annual operating budget in the operating reserves.

And we have established a capital reserve amount that provides the flexibility of the organization to enhance quality, introduce new program elements to nursing regulatory bodies. And that totals 25 million. And we like to keep both the operating and capital reserves at high levels. And lastly, we've established a long-term board-designated fund to supplement program revenue, and despite the steep decline in the financial markets and losses in the investment value in FY-22, the NCSBN investment portfolio has returned \$151 million over the last 10-year period through FY-22.

A total of 69% of the revenue comes from NCLEX in the U.S., and we receive 6% from NCLEX in Canada and 7% from nurses for license verification fees. And a total of 11% of the revenue budget for FY-23 comes for the accumulated earnings on investments, and NCSBN budgets an amount equal to the long-run average annual expected return on the investment portfolio to supplement our operating revenues.

And this will vary from the actual returns in any given year because the actual investment and returns are dependent upon the changing conditions of the financial markets. And as we all know, those can vary significantly from year to year. And all other sources of operating revenue combined total less than 1% of NCSBN's income budget. And the other income includes meeting registration fees, associate member fees, CE course revenue and publication sales revenue.

And in addition to the program revenues and investment earnings, 7% of FY-23 support had planned to come from the financial reserves. And so, that's a broad overview of our revenue sources. And how we use those funds is depicted in this graph. NCLEX is also our largest expenditure at 65 cents of every dollar goes spent directly to support exams. And the exams department also receives substantial support from the other 35 cents for occupancy, administrative services, information technology, communications.

They all provide support to exams. And the combined expenditures on program activities to assist the boards, including committees, meetings, research, NLC support and online offerings for members comprises 16% of the total budget. Nurses, which includes ORBS and eNotify, is 3% of the budget, and IT infrastructure equals 8%. And the combined total expenditures on supporting services, which include governance, and that's the board and executive management, marketing, advocacy, finance and HR, equals 6%.

And occupancy, which is primarily our office space equals 2%. And so, that's a broad overview of how we use our funds at NCSBN. Now on this slide, we're going to talk about the fund balance. In looking at the projected value of the fund balance from the end of FY-24 through FY-27, you'll see that the fund balance in this chart is about 250 million.

Seven percent of FY-23 revenue will come from withdrawals from the financial reserves as it was shown in the source of funds slide. And we project that we will need to continue to use some of those reserved funds to support operations, resulting in a decline in the reserve balance. And you will see a slight decline in this graph. However, that's not cause for immediate concern.

We will still have a very healthy investment balance, even with having to use some of our operating fund balance to provide support for our projects. And while this will not jeopardize NCSBN's financial stability in the short term, the committee continues to focus on strategies to balance the budget over the longer term. And the committee recommended to the board to consider increasing annual operating revenues to a level that could sustain operations for the long term.

However, the board determined that the current financial position allowed for just a little bit longer timeline to address the forecast of decline in the fund balance and would not propose an increase at this time. But they will continue to closely monitor the financial performance and they will update the forecast as required. So in summary, some of the performance outcome measures that the finance committee looks for is a strong financial position that provides an internal source of funds that allows the financial flexibility so that we can expand our services to the members and to provide a financial stability by planning operating budgets that we can support over the long term and that link financial resource allocation to the public protection mission of the organization.

And to have an investment policy and strategy in place that produces the optimum returns on the financial investments within the risk tolerance of NCSBN, and investments and asset allocations that are guided by sound policies and that manage risk. And likewise, we received an attestation from outside independent auditors on the financial statement accuracy and the good internal controls and policies and procedures are in place. And with that, that completes your finance report for this year.

Thank you for finding us time to update you on the financial standing of NCSBN. But before I go, and before I close, given this is my last time in front of you as treasurer, I have a few people I'd like to recognize. First, I'd like to extend my heartfelt appreciation to the CFO, Mr. Rob Clayborne, and our Director of Finance, Ms.

Gloria Evans-Melton, for their support during my tenure as treasurer. Their expertise, dedication and hard work were instrumental in maintaining the financial health of our organization. And I thank all of the amazing staff at NCSBN for their commitment to our important mission. And I'd be remiss if I didn't include my wife of 27 years, who, you know, after 8 years, I had some travels here and there and some things I kind of missed.

So she understood what I was doing and she supported my mission and our boys are doing wonderful. They're out on their own, so we're empty nesters now. So she's not here, but somebody text her. So thank you, Honey. And then, I'd also like to recognize our Kansas Executive Officer, Carol Moreland, the Kansas board members and my KSBN staff for their support and encouragement covering when I was gone as well.

They, you know, allowed me to fulfill this important mission for NCSBN and I thank them for being an exceptional team. And then, to all my colleagues on the Board of Directors, I want to thank you for the cherished memories and for making my eight-year journey a truly rewarding one. I had the honor of serving with 5 amazing board presidents and I think if I got my counting right, 28 members on the board, each of whom work tirelessly to advance the mission of NCSBN.

And I feel very fortunate to have been a part of that talented group of individuals. And most importantly, I want to thank you, the membership. I am deeply grateful and honored to have served in this position. You heard I'm kind of the picture guy, so I've got a lot of memories to remember from my time. But I want to thank you each for what you do for nursing regulation.

This is incredibly important work. It's not easy. And we thank you so much on the Board of Directors, and myself personally as well, for what you do for public protection. And with that, I wish the next treasurer, NCSBN treasurer the board and the committee members, I'm confident that they will continue to work today, tomorrow and most importantly together, to continue to lead and prepare our organization towards its strategically sound financial future.

Thank you.