

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.

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.