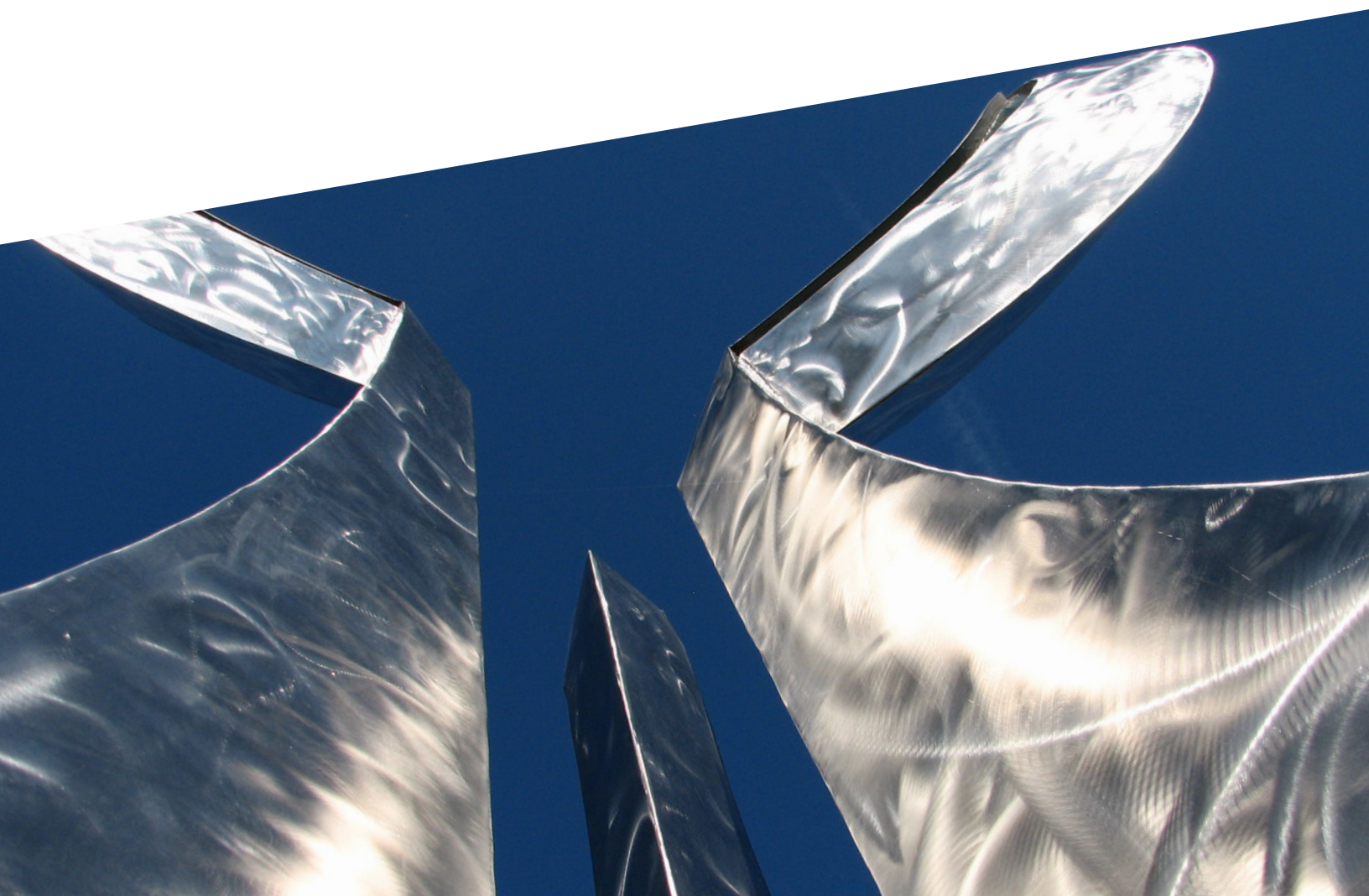




Annual Report 2020



02

Annual Report 2020

Ensuring Professional Competency
Through Excellence in Testing

NBCE

NATIONAL BOARD OF CHIROPRACTIC EXAMINERS

901 54th Avenue
Greeley, Colorado 80634

Tel . 800-964-6223

www.nbce.org
www.mynbce.org

MARCH 11, 2020 - THE WORLD HEALTH ORGANIZATION (WHO) MADE THE ASSESSMENT THAT COVID-19 CAN BE CHARACTERIZED AS A PANDEMIC

2020

The NBCE was established in 1963 to ensure high standards of excellence in the chiropractic profession and chiropractic education.

Our Mission

Ensuring professional competency through excellence in testing.

Our Vision

NBCE is the trusted source of professional examination services. Using our resources and expertise, we will expand our organization through innovative product development to fulfill the evolving professional assessment needs of the communities we serve.

Our Values

The NBCE embraces the philosophy of lifelong learning and demonstrates the values of integrity, honesty, fairness, transparency, and accountability in its interactions and relationship.



03

Introduction from Daniel M. Côté, D.C. *NBCE Board President*

During this year of great uncertainty, the sacrifices and commitment made by our dedicated staff, to the NBCE, the chiropractic profession, and public protection is to be commended.

On behalf of the entire Board of Directors, I proudly present the 2020 Annual Report summarizing the dedicated work of the National Board of Chiropractic Examiners. With this on-line publication, we affirm that the fiduciary and organizational responsibilities of our positions have been fulfilled.

We choose, as a board, to hold ourselves accountable by submitting to annual third-party audits. Financials presented in the annual report each year are available for all.

At the onset of the COVID-19 pandemic back in March 2020, the NBCE immediately took the necessary precautions to ensure the health and safety of examinees and staff, including hundreds of test site administrators all over the country who are crucial to the exam process. With March, April, and May Exams cancelled, the staff dedicated their efforts toward not only administering the remaining exam schedule, with additional resources and precautions in place, but also re-administering all cancelled exams. As of September 2020, all exams were back on-schedule.

Through this seemingly impossible challenge of navigating the choppy waters of 2020, we also published the *Practice Analysis of Chiropractic 2020*, the *Delphi Study* and numerous educational articles; began updating our item bank technology; participated in a two-day strategic planning session to update the NBCE's long-term strategy, as well as develop short-term goals and targets to help us achieve our goals; performed an analysis of the Part IV OSCE; and so much more even with the entire staff working remotely during mandated stay-at-home orders in CO for a portion of 2020.

We understand that our efforts are not unique, we could not have accomplished what we did in 2020 without the hard work, cooperation, and support of chiropractic college leadership, their facilities team, NBCE test site staff, vendor partners, and state regulatory boards, all of whom were working outside their normal operations. We are forever grateful for this massive coordination effort during these unprecedented times.



Daniel M. Côté, D.C.

ALL NBCE EXAM ADMINISTRATIONS WERE BACK ON-SCHEDULE WITH ADDITIONAL RESOURCES AND PRECAUTIONS IN PLACE BY THE END OF SEPTEMBER 2020.

04 Introducing Board of Directors

The 11-member composition of the National Board begins at the state/district level. States that utilize NBCE exams may name delegates and alternates to attend the NBCE annual meeting. At the meeting, district delegates nominate a person to serve as district director. An assembly of all state delegates votes to accept or reject each district nominee. Two seats are filled by appointment by the Federation of Chiropractic Licensing Boards. The board then elects at-large directors for two-year terms. Officers are elected annually. The four officers (President, Vice President, Treasurer and Secretary) compose the NBCE Executive Committee. The NBCE is a private, non-profit organization incorporated in the state of Texas and operates under bylaws.

Daniel M. Côté, D.C.

PRESIDENT AND
DISTRICT I DIRECTOR

Committee(s):

*Executive
Bylaws
Ex-Officio - All Others*



Education

Graduate of Parker University

Working Experience

Daniel M. Côté, D.C., has served on the Board of Directors for the National Board of Chiropractic Examiners (NBCE) from 2013 to present day. He currently serves as the President of the NBCE as well as the Director of District I. District I includes: Washington, Oregon, Idaho, Montana, Wyoming, North Dakota, South Dakota, Nebraska, and Alaska.

Dr. Daniel Côté is a resident of Silverton, Oregon, where he owns and operates Côté Chiropractic.

Former Secretary, National Board of Chiropractic Examiners
Former President, Oregon Board of Chiropractic Examiners
Former Vice President, Oregon Board of Chiropractic Examiners

Contact Email: dcote@nbce.org

LeRoy F. Otto, D.C.

VICE PRESIDENT AND
DISTRICT II DIRECTOR

Committee(s):

*Executive
Finance
Bylaws
Board Governance
Exams - Chair
Conference Planning*



Education

Graduate of Palmer College of Chiropractic

Working Experience

LeRoy F. Otto, D.C., has served on the Board of Directors for the National Board of Chiropractic Examiners (NBCE) from 2011 to present day. He currently serves as the Vice President of the NBCE as well as the Director of District II. District II includes: Minnesota, Iowa, Missouri, Michigan, Wisconsin, Illinois, Indiana, and Ohio.

Dr. LeRoy Otto resides in Lake City, Minnesota.

Former President, Federation of Chiropractic Licensing Boards
Former Co-Chair, International Relations Committee of the International Chiropractic Association
Vice President, Minnesota Board of Chiropractic Examiners
Former President, Minnesota Board of Chiropractic Examiners
Recipient, 2017 Tullio Award, NBCE

Contact Email: lotto@nbce.org

Michael Fedorczyk, D.C.

SECRETARY AND
DISTRICT III DIRECTOR

Committee(s):

Executive
Finance
Bylaws -Chair
Board Governance
EBAS - Chair

**Education**

Graduate of New York Chiropractic College

Working Experience

Michael Fedorczyk, D.C., has served on the Board of Directors for the National Board of Chiropractic Examiners (NBCE) from 2018 to present day. He currently serves as the Secretary of the NBCE as well as the Director of District III. District III includes: Pennsylvania, Vermont, New Hampshire, Maine, Massachusetts, Connecticut, New York, New Jersey, Rhode Island, Delaware, Maryland, and Washington D.C.

Dr. Michael Fedorczyk resides in Dunkirk, Maryland, and practices at Dunkirk Chiropractic & Wellness Center.

Former President and Vice President, Maryland State Board of Chiropractic Examiners
Fellow, Federation of Chiropractic Licensing Boards

Contact Email: mfedorczyk@nbce.org

Farrel I. Grossman, D.C.

TREASURER AND
AT-LARGE DIRECTOR

Committee(s):

Executive
Finance - Chair
EBAS

**Education**

Graduate of Sherman College of Chiropractic

Working Experience

Farrel I. Grossman, D.C., has served on the Board of Directors for the National Board of Chiropractic Examiners (NBCE) from 2013 to present day. He currently serves as the Treasurer of the NBCE as well as an At-Large Director.

Dr. Farrel I. Grossman resides in Charleston, South Carolina, and is an expert witness for chiropractic defense.

Former President, Federation of Chiropractic Licensing Boards

Former Chair and Vice Chair, South Carolina Board of Chiropractic Examiners

Former President, South Carolina Chiropractic Association (SCCA) Board of Directors

Recipient, Chiropractor of the Decade 2010, SCCA

Recipient, 2008 Chiropractor of the Year, SCCA

Recipient, 2008 Distinguished Service Award, Sherman Chiropractic College

Recipient, 2006 Presidential Pillar of Strength Award, SCCA

Contact Email: fgrossman@nbce.org

04 Introducing Board of Directors

Jason Jaeger, D.C.
DISTRICT IV DIRECTOR

Committee(s):

Bylaws
Exams - Part II
Specialty Exams
Public Relations



Education

Graduate of Southern California University of Health Sciences

Working Experience

Jason Jaeger, D.C., has served on the Board of Directors for the National Board of Chiropractic Examiners (NBCE) from 2020 to present day. He currently serves as the District IV of the NBCE. District IV includes: Texas, Oklahoma, Kansas, Colorado, New Mexico, Utah, Arizona, Nevada, California, and Hawaii.

Dr. Jason Jaeger resides in Las Vegas, Nevada, and practices at Advanced Spine & Posture.

Serves as the Co-Chair for the International Chiropractors Association's Applied Sciences Committee

Certified Fellow and Instructor in the technique of Chiropractic Biophysics

Developer of the Universal Tractioning System

Medically published author. Lectures on chiropractic around the U.S. and internationally

Previously served as a board member on:

The Nevada Chiropractic Physicians Regulatory Board

The Nevada Chiropractic Council

The Nevada Chiropractic Association

Contact Email: jjjaeger@nbce.org

John R. McGinnis, D.C.
DISTRICT V DIRECTOR

Committee(s):

Finance
Bylaws
Board Governance -Chair
Public Relations - Chair



Education

Graduate of Life University

Working Experience

John R. McGinnis, D.C., has served on the Board of Directors for the National Board of Chiropractic Examiners (NBCE) from 2017 to present day. He currently serves as the District V of the NBCE. District IV includes: Louisiana, Arkansas, Mississippi, Alabama, Georgia, Florida, Tennessee, Kentucky, North Carolina, South Carolina, Virginia, West Virginia, Puerto Rico, and U.S. Virgin Islands.

Dr. John R. McGinnis resides in Sumter, South Carolina, and practices at Sumter Neck & Back Center.

Orthopedic Diplomate, National College of Chiropractic

Chair, South Carolina Board of Chiropractic Examiners

Former Vice Chair, South Carolina Board of Chiropractic Examiners

Former member, American Chiropractic Board of Governors

Former member, Board of Directors of the South Carolina Chiropractic Association

Contact email: jmcginnis@nbce.org

Kimberly Driggers, J.D.

AT-LARGE DIRECTOR

Committee(s):

Exams - Part I
Board Governance
EBAS

**Education**

Graduate of Rollins College and Florida State University
 College of Law

Working Experience

Kimberly Driggers, J.D., has served on the Board of Directors for the National Board of Chiropractic Examiners (NBCE) from 2019 to present day. She currently serves as an At-Large Director of the NBCE.

Kimberly Driggers, JD, practices law in Fort Lauderdale, Florida and serves as the Assistant General Counsel for the Florida Chiropractic Association.

Owner, Driggers Law, PA
 Assistant General Counsel, Florida Chiropractic Association
 Lobbyist, Registered in the State of Florida
 Member National Association of Chiropractic Attorneys
 Former Board member, Florida Justice Association

Contact email: kdiggers@NBCE.org

Jason Young, D.C.

AT-LARGE DIRECTOR

Committee(s):

Exams - Part III
Specialty Exams
Public Relations

**Education**

Graduate of University of Western States

Working Experience

Jason Young, D.C., has served on the Board of Directors for the National Board of Chiropractic Examiners (NBCE) from 2020 to present day. He currently serves as an At-Large Director of the NBCE.

Dr. Jason Young resides in Corvallis, Oregon, and practices at Body of Health Chiropractic & Wellness Center.

Served two three-year terms as a member of the Oregon Board of Chiropractic Examiners, with two years as President
 He is the chiropractor for the Oregon State University Athletic Department
 Served as an examiner for the Part IV exam
 Served on the Part III and Part IV test committees held at NBCE headquarters

Contact email: jyoung@NBCE.org

04 Introducing Board of Directors

Margaret Freihaut, D.C.

AT-LARGE DIRECTOR

Committee(s):

Exams - Part IV

Specialty Exams



Education

Graduate of Logan University

Working Experience

Margaret Freihaut, D.C., has served on the Board of Directors for the National Board of Chiropractic Examiners (NBCE) from 2020 to present day. She currently serves as an At-Large Director of the NBCE.

Dr. Margaret Freihaut resides in Fenton, Missouri. She is the owner and director of Fenton Family Chiropractic.

Currently serves as President of the Missouri State Board of Chiropractic Examiners

Serves as the chiropractic member of the Acupuncture Advisory Board in Missouri

Participated in Part IV testing as an examiner for more than six years and is entering her third year as Chief Examiner

Served on the Part III and Part IV test committees held at NBCE headquarters

Contact email: mfreihaut@NBCE.org

Dr. Karlos Boghosian, D.C.

FCLB APPOINTED DIRECTOR

Committee(s):

Board Governance



Education

Graduate of University of Bridgeport

Working Experience

Karlos Boghosian, D.C. has served on the Board of Directors for the National Board of Chiropractic Examiners (NBCE) from 2019 to present day. He was appointed to the NBCE by the FCLB.

Dr. Karlos Boghosian is the President of the FCLB. He is also the founder and CEO of SoVita(TM) Chiropractic Centers.

Served on the Connecticut Chiropractic Board of Examiners since 2015

Vice Chair of the Board of Trustees of Sherman College of Chiropractic 2017 – 2019

Member of the Board of Trustees Boys and Girls Clubs of Hartford since 2016

Contact email: kboghosian@NBCE.org

Carol Winkler, D.C.

FCLB APPOINTED DIRECTOR

Committee(s):*Specialty Exams
Conference Planning***Education**

Graduate of Palmer College of Chiropractic

Working Experience

Carol Winkler, D.C., has served on the Board of Directors for the National Board of Chiropractic Examiners (NBCE) from 2018 to present day. She was appointed to the NBCE by the FCLB.

Dr. Carol Winkler is the Vice President of the FCLB. She also runs Nemecek and Winkler Chiropractic P.C. with her husband in Bismarck, North Dakota.

Current Vice President, Federation of Chiropractic Licensing Boards
Former President of the North Dakota Board of Chiropractic Examiners

Contact email: cwinkler@nbce.org

Norman E. Ouzts, D.C.

CHIEF EXECUTIVE OFFICER

Non-Voting Member**Education**

Graduate of Life University

Working Experience

Norman Ouzts, D.C., served as District V Director on the Board of Directors for the National Board of Chiropractic Examiners (NBCE) from 2007-2017. He was the President from 2012-2014 and Vice President from 2010-2012.

Dr. Norman Ouzts resides in Windsor, Colorado. He currently serves as the Chief Executive Officer of the National Board of Chiropractic Examiners where he supervises, directs, and supports the administrative and operational programs and procedures out of the Greeley, Colorado headquarters.

Former President & Chiropractic Physician at Ouzts-Tinney Chiropractic & Spinal Rehabilitation, PC
Served as Chair and Vice Chair of the South Carolina Board of Chiropractic Examiners
Former President, District Director, and Legislative Chairman for the South Carolina Chiropractic Association
District V Director with the Federation of Chiropractic Licensing Boards
Former Chairman of Chiropractic Summit

Contact email: nouzts@nbce.org

05

2020 NBCE Response to COVID-19

In 2020, as COVID-19 continued to spread within the United States and around the world, our first priority was, and continues to be, the safety of testing candidates and our staff who administer the exams. We balanced this with our sense of responsibility to facilitate the journey towards licensure, and an understanding of the negative impact exam cancellations can have on our examinees.

March Part III and Physiotherapy
Exams cancelled and re-scheduled
to July

April Part I Exam Administration
cancelled and re-scheduled to August

May Part IV Exam Administration
cancelled and re-scheduled to July
also extending application window

MARCH

APRIL

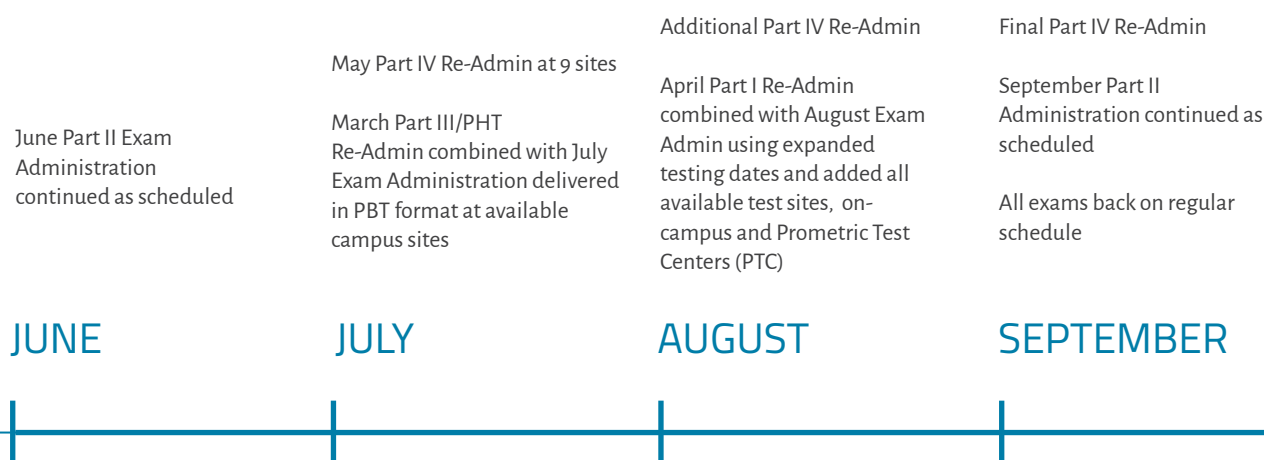
MAY

The NBCE understands the importance of pre-licensure testing and the effects that delay in testing may have on the examinees. Therefore, during these challenging times, we reaffirmed our commitment to administering exams as scheduled. At the same time, we relied on the mandates from the state, local, and federal government, as well as the chiropractic colleges and our on-site staff to make the best decisions regarding the safety of testing administrations. Unfortunately, the reality of the situation required us to reschedule March Part III/PHT, April Part I, and May Part IV exam administrations.

JANUARY & FEBRUARY

January Part I and February Part II
Exam Administrations delivered as
scheduled

Despite the challenges brought by the COVID-19 pandemic, **16,098** exams (Parts I, II, III, IV & PHT) were developed, administered, and scored in 2020, which is consistent with other years



The NBCE followed recommendations from the CDC and World Health Organization for preventing the spread of COVID-19 at all our test sites and our administrative headquarters in Greeley, CO. Together we complied with the various restrictions and determined a standard set of test site safety procedures and implemented a new COVID-19 Test Site Policy, Travel Policy, and required electronic Health Pre-Screening/Attestation and Release Form. In July, August, and September we provided re-administrations in addition to the regularly scheduled administrations and by the end of September 2020 we were back on-schedule with all exams.

OCTOBER & NOVEMBER

October Part III/PHT and November Part IV Exam Administrations delivered as scheduled

THE NBCE IS COMMITTED TO A HIGH DEGREE OF FIDUCIARY RESPONSIBILITY.



NBCE Gives Back

- The NBCE is a proud sponsor of the F4CP's historic :30 second TV commercial that will air multiple times during the upcoming Summer Olympics. The commercial will serve not only to inspire athletes and others to consider a career as a doctor of chiropractic, but also to motivate an international audience of consumers to seek chiropractic care.
- The NBCE sponsored research awards for the Association of Chiropractic Colleges (\$11,000) and the World Federation of Chiropractic (\$5,000) as support for the advancement of education and research.
- The NBCE continued its donation to the Foundation for Chiropractic Progress (F4CP) by sponsoring a one-year membership for all examinees who successfully completed NBCE Parts I, II, III, and IV in 2019 and 2020.
- The NBCE provided initial funding to Brighthall, Inc. as sponsorship for their Research and Science Society.
- The NBCE continued its scholarship program in 2020 and provided four student awards of \$2,500 each. (\$10,000 total) Winners were Austin Bergquist, Grant Speer, Alli Totzke, and Stephanie Vos.

06

Practice Analysis of Chiropractic 2020

The report performs a fundamental role in developing valid tools for licensure and certification assessment.

In 2020, the NBCE collected national data from U.S.-based practicing, practicing part-time, and non-practicing chiropractors, performed statistical analysis of the responses, and published a report titled the Practice Analysis of Chiropractic 2020. The full report is available as a free download on www.nbce.org.

The Practice Analysis of Chiropractic 2020 is a project report and analysis of a survey of the chiropractic profession within the United States. This is the sixth survey of U.S. chiropractors conducted by the National Board of Chiropractic Examiners (NBCE). Previous analyses were released in 1993, 2000, 2005, 2010, and 2015.

The report performs a fundamental role in developing valid tools for licensure and certification assessment. This analysis helps to establish test validity by creating a profile of the profession, tracking trends in professional practice, and providing information vital to the development and refinement of professional programs. It also identifies current practice standards while anticipating future changes.

The following manuscripts have been written using Practice Analysis of Chiropractic 2020 data and are now in review for possible publication:

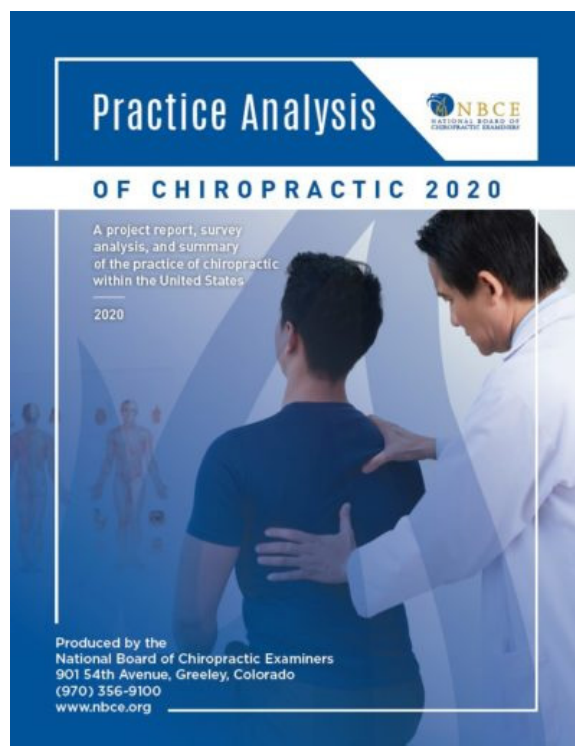
Himelfarb, I., Ouzts, N.E., Russell, M., Shotts, B.L., and Gow, A.R. (in revision). The State of Chiropractic Profession in the U.S.: Introduction and Selected Results Based on the Practice Analysis of Chiropractic 2020. *Journal of Chiropractic Education*.

Johnson, C.D., and Green, B. (in preparation). History of the Chiropractic Profession. *Journal of Chiropractic Education*.

Tsai, C-L., Tang, N-E., and Himelfarb, I. (in review). Development of Individual-Level Chiropractic Assessment Scale Using Practice Analysis of Chiropractic 2020 Data. *Journal of Chiropractic Education*.

Himelfarb, I., Tsai, C-L., and Tang, N-E. (in revision). Exploring the Unobserved Heterogeneity within the Chiropractic Profession: Are Chiropractors Scientifically Oriented? *Journal of Chiropractic Education*.

Tang, N-E., Tsai, C-L., Gow, A.R., Shotts, B.L., and Himelfarb, I. (in revision). Examining the Consistency of Chiropractic Treatment Modalities: A Latent Profile Analysis. *Journal of Chiropractic Education*.



THE FULL REPORT AND AN ARCHIVE OF PAST REPORTS ARE AVAILABLE AS A FREE DOWNLOAD ON WWW.NBCE.ORG

SCORING TIME PREVIOUSLY REDUCED
FROM SIX WEEKS TO FOUR WEEKS
(PARTS I, II, III, IV & PHT)

Delphi Study

To ensure content and construct validity of the Part I and II exams, the NBCE conducted the Delphi Study. The Delphi method is an iterative process used to collect and analyze the judgments of experts using a series of questionnaires intercepted with feedback. The questionnaires were designed to focus on the content of the exams and sent to the chiropractic colleges in the U.S. Each subsequent questionnaire is designed based on the results of previous version of the survey. In their responses, the chiropractic faculty members provide the relevance and importance of specific areas of the content, which are later reflected in the content maps of the Part I and II exams.

The following journal article was submitted to the Journal of Chiropractic Education:

Shotts, B.L., Himelfarb, I., Tang, N-E., Crawford, G.L., Solecki, N.R., Gow, A.R., Ouzts, N.E. (in revision). Content Validation of the Chiropractic Basic and Clinical Sciences Exams: Delphi Study. *Journal of Chiropractic Education*.



07

Research & Chiropractic Education Initiative

Providing test and measurement services to the chiropractic profession in all areas of demonstrated need, and advancing the chiropractic profession when in the best interests of the corporation and chiropractic testing.

RESEARCH

The following papers were published in 2020:

Himelfarb, I., Seron, M. A., Hyland, J. K., Gow, A. R., Tang, N. E., Dukes, M., Smith, M., & Fisher, M. (2020). The transition to digital presentation of the diagnostic imaging domain of the Part IV examination of the National Board of Chiropractic Examiners. *Journal of Chiropractic Education*, 34(1), 52–67.

Himelfarb, I., Shotts, B. L., Tang, N. E., & Smith, M. (2020). Score production and quantitative methods used by the National Board of Chiropractic Examiners for post exam analyses. *Journal of Chiropractic Education*, 34(1), 35–42.

Ouzts, N. E., Jr, Himelfarb, I., Shotts, B. L., & Gow, A. R. (2020). Current state and future directions of the National Board of Chiropractic Examiners. *Journal of Chiropractic Education*, 34(1), 31–34.

Himelfarb, I., Shotts, B. L., Hyland, J. K., & Gow, A. R. (2020). Variables associated with successful performance on the National Board of Chiropractic Examiners Part IV examination. *Journal of Chiropractic Education*, 34(1), 43–51.

Shotts, B. L., Himelfarb, I., Crawford, G. L., Harding, J., & Gow, A. R. (2020). Practice analysis and changes to the Chiropractic Board of Clinical Nutrition diplomate exam. *Journal of Chiropractic Education*.

Himelfarb, I., Marcoulides, K. M., Fang, G., & Shotts, B. L. (2020). A Two-Level Alternating Direction Model for Polytomous Items With Local Dependence. *Educational and Psychological Measurement*, 80(2), 293–311.

The following presentations were made in 2020:

Himelfarb, I., Fang, G., & Tang N-E. (2020). Detecting aberrant behavior in chiropractic testing. Paper accepted for presentation at *NCME Annual Meeting*. San Francisco, CA.

Himelfarb, I., & Tang, N-E. (2020). Decision consistency study for full versus reduced versions of an exam. Paper accepted for presentation at *NCME Annual Meeting*. San Francisco, CA.

Cracking the Code

- ▲ The Cracking the Code initiative organized and led by Dr. Claire Johnson invited Dr. Himelfarb to participate in writing a series of statistical papers that will provide guidance of “how to do” statistical analyses using various statistical techniques. The papers will provide explanations of fundamental concepts in statistics and research methodology and introduce the reader to the most used statistical techniques. The objective of the initiative is to educate healthcare researchers, including but not limited to chiropractic researchers, on how to design scientific studies and match the design with an appropriate statistical technique.

Harnessing the Web

- ▲ Dr. Igor Himelfarb was invited to be on the Scientific Committee and Advisory Board for the Chiropractic Education during the COVID-19 pandemic and CERF Virtual Conference, which took place in December of 2020. The duties included advising, and evaluation of scientific proposals to be presented at the conference.

THE NBCE BOARD OF DIRECTORS IS COMMITTED TO SUPPORTING RESEARCH AND ACADEMIC EXCELLENCE IN THE CHIROPRACTIC PROFESSION.

08

Projects & Notable 2020 Accomplishments

Strategic Planning, OSCE Analysis, Updating Tech, Exam Development & more

- ▲ In early 2020 the Department of Practical Testing performed a preliminary analysis of our current Part IV in comparison to Objective Structured Clinical Examinations (OSCE) administered in other healthcare professions. As part of this inquiry, the NBCE Department of Practical Testing connected with other testing organizations which included the National Board of Osteopathic Medical Examiners, and the National Board of Examiners in Optometry. A site visit to the National Board of Osteopathic Medical Examiners testing facility was completed in February 2020.
- ▲ The NBCE began the process of updating our item bank software to take advantage of current best practices as well as expand effectiveness, efficiency, functionality and features. The new item bank software will significantly increase the efficiency of our exam development process, while maintaining the security and integrity of our exam content.
- ▲ In August, the full Board of Directors and Leadership Team participated in a two-day strategic planning session to review and evaluate the NBCE's long-term strategy, as well as develop short-term goals and targets to help us achieve our goals. The outcome of this process was a revised three-year Strategic Plan.
- ▲ The NBCE IT Department developed and launched the first NBCE app which connects examinees directly to their on-line accounts where they can access their exam scores and applications as well as provide courtesy mini sample tests to give insight into areas of improved study.
- ▲ In January, the NBCE hosted the Student Leadership Forum with twelve total student participants representing eleven chiropractic colleges and four national student organizations.
- ▲ Test committee preparation and administration meetings in 2020 included the Part IV Test Committee meeting, where the November 2020 and May 2021 exams were selected, and the Part III/Physiotherapy Test Committee and Standard Setting meetings.
- ▲ The Part IV application was added to the myNBCE on-line account portal.
- ▲ The NBCE began posting exam pass rates on both the myNBCE.org and www.nbce.org websites.
- ▲ LiveChat remains a very popular method to get in contact with the NBCE. Accessible during business hours while on our myNBCE.org website and on-line account portal. In 2020 our Examinee Relations Department participated in a total of 5,536 individual LiveChats and received immediate feedback via a post chat survey which resulted in an average 96% customer service satisfaction rating.
- ▲ State exams were developed for Missouri, Oklahoma, Oregon, and South Carolina and applications will be accessible to the examinees through their myNBCE on-line account portal.
- ▲ Due to a state mandate, the NBCE IT Department and Leadership Team transitioned our Greeley, CO staff to secure remote working operations during 2020 with all staff required to work remote for the second half of March and all of April. The NBCE staff switched to a rotating schedule of remote work in early May through the remaining months of 2020 and into 2021.

THE MYNBCE.ORG WEBSITE WAS
RE-DEVELOPED IN LATE 2019 AND
IMPLEMENTED IN EARLY 2020

WE CHOOSE, AS A BOARD, TO HOLD OURSELVES ACCOUNTABLE BY SUBMITTING TO ANNUAL THIRD-PARTY AUDITS. FINANCIALS PRESENTED IN THE ANNUAL REPORT EACH YEAR ARE AVAILABLE FOR ALL.

Travel Less...More Virtual

Due to COVID-19 restrictions, many conferences were either cancelled or held virtually. Whenever possible, NBCE Board members and/or staff typically participate in several technical and administrative educational conferences, including but not limited to the following:

- ▲ American Chiropractic Association Annual Meeting
- ▲ American Chiropractic Association National Chiropractic Legislative Conference
- ▲ American Collaborative for Integrative Health
- ▲ American Council on Education
- ▲ Association of Chiropractic Colleges Research Agenda Conference
- ▲ Association of Standardized Patient Educators Conference
- ▲ Association of Test Publishers
- ▲ Association on Higher Education and Disability Annual Conference
- ▲ Chiropractic Board of Clinical Nutrition Conference
- ▲ Chiropractic Summit Conference
- ▲ Congress of Chiropractic State Associations
- ▲ Federation of Associations of Regulatory Boards
- ▲ International Chiropractors Association Annual Meeting
- ▲ National Council on Measurement in Education
- ▲ Society for Human Resource Management Annual Conference
- ▲ State Assembly and Senate Hearings
- ▲ World Federation of Chiropractic



09

National Board of Chiropractic Examiners and Subsidiary

Consolidated Financial Statements and Supplementary Information

December 31, 2020 and 2019

**National Board of
Chiropractic Examiners
and Subsidiary**

**Consolidated Financial Statements
and Supplementary Information**

December 31, 2020 and 2019

National Board of Chiropractic Examiners and Subsidiary

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Independent Auditor's Report

Board of Directors
National Board of Chiropractic Examiners and Subsidiary
Greeley, Colorado

We have audited the accompanying consolidated financial statements of the National Board of Chiropractic Examiners and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and net assets, functional expenses, and cash flows for the year then ended, and related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the National Board of Chiropractic Examiners and Subsidiary as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit of the consolidated financial statements was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented on page 23 of this report is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Brock and Company, CPAs, P.C.

Certified Public Accountants

Fort Collins, Colorado
March 12, 2021

National Board of Chiropractic Examiners and Subsidiary

Consolidated Statements of Financial Position

December 31	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 8,482,745	6,489,654
Accounts receivable	3,965	4,505
Accrued interest receivable	1,050	3,007
Prepaid expenses and other current assets	201,116	188,562
Total current assets	<u>8,688,876</u>	<u>6,685,728</u>
Property and Equipment, at cost		
Land and improvements	1,979,968	1,920,616
Buildings and improvements	6,219,898	6,219,898
Office furniture and equipment	2,238,672	2,177,107
Vehicles	76,530	76,530
Artwork and decorations	111,142	111,142
	<u>10,626,210</u>	<u>10,505,293</u>
Less accumulated depreciation	(5,342,678)	(5,044,763)
Net property and equipment	<u>5,283,532</u>	<u>5,460,530</u>
Other Long-Term Assets		
Software, net of accumulated amortization, of \$1,045,091 and \$912,801 respectively	326,951	855,325
Certificates of deposit	235,820	721,225
Deposits	185	576
Board designated assets		
Cash and cash equivalents	1,095,347	2,901,408
Investments	22,982,121	18,915,044
Accrued interest receivable	84,303	125,196
Investment in 5401 building, net	1,457,476	1,520,138
Total Board designated assets	<u>25,619,247</u>	<u>23,461,786</u>
Total other long-term assets	<u>26,182,203</u>	<u>25,038,912</u>
Total assets	<u>\$ 40,154,611</u>	<u>37,185,170</u>

The accompanying Notes are an integral
part of these financial statements

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	2020	2019
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 40,067	42,118
Accrued wages payable	49,120	113,640
Accrued compensated absences	186,321	143,906
Accrued property taxes payable	198,611	201,289
Accrued F4CP 2020 Olympics Project assistance	-	400,000
Accrued other liabilities	1,547	1,679
Deferred revenue	3,700,265	2,903,505
Total current liabilities	4,175,931	3,806,137
Long-Term Liabilities		
Security deposits	18,335	7,000
Total liabilities	4,194,266	3,813,137
Net Assets		
Unrestricted		
Board designated	25,619,247	23,461,786
Net investment in property and equipment	5,283,532	5,460,530
Undesignated	5,057,566	4,449,717
Total net assets	35,960,345	33,372,033
Total liabilities and net assets	\$ 40,154,611	\$ 37,185,170
	-	-

The accompanying Notes are an integral
part of these financial statements

National Board of Chiropractic Examiners and Subsidiary

Consolidated Statements of Activities and Net Assets

Years ended December 31	2020	2019
Revenues and Gains		
Revenues		
Examination fees	\$ 12,686,225	\$ 13,631,469
Other services	116,687	109,274
Total revenues	12,802,912	13,740,743
CARES Act Employee Retention Credits	209,169	-
Total revenues and gains	13,012,081	13,740,743
Expenses and Losses		
Operating expenses		
Program services	9,410,029	10,611,240
Management and general	2,683,867	2,933,546
Total operating expenses	12,093,896	13,544,786
Loss on abandonment of software development	329,960	-
Loss on disposal of assets	1,717	-
Total expenses and losses	12,425,573	13,544,786
Change in Net Assets		
Before Investment Income	586,508	195,957
Investment Income		
Interest income	659,538	778,889
Net realized and unrealized		
gains on investments	1,521,052	846,573
Investment expenses	(59,801)	(85,006)
Net loss on rental activities of 5401 Building	(118,985)	(20,731)
Net investment income	2,001,804	1,519,725
Change in Net Assets	2,588,312	1,715,683
Net Assets, Beginning of Year	33,372,033	31,656,350
Net Assets, End of Year	\$ 35,960,345	\$ 33,372,033

The accompanying Notes are an integral
part of these financial statements

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National Board of Chiropractic Examiners and Subsidiary

Consolidated Statements of Functional Expenses

Years ended December 31

2020

	Program Services	Management and General	Total
Compensation and employee benefits			
Salaries and wages	\$ 2,719,644	\$ 812,361	\$ 3,532,005
Employee benefits	510,625	152,524	663,149
Payroll taxes and workers' compensation	195,053	58,262	253,315
Retirement benefits	155,974	46,589	202,563
	<u>3,581,296</u>	<u>1,069,736</u>	<u>4,651,032</u>
Exam programming expenses			
Administration	3,517,740	-	3,517,740
Preparation	84,065	-	84,065
Training	61,422	-	61,422
Printing	55,291	-	55,291
Development	52,831	-	52,831
Practice analysis	13,803	-	13,803
Exam security forensics	-	-	-
EBAS expenses	94,911	-	94,911
	<u>3,880,063</u>	<u>-</u>	<u>3,880,063</u>
Support to other organizations			
FCLB financial assistance	711,425	-	711,425
Assistance to other organizations	110,000	-	110,000
RAND CCCIHR gift	-	-	-
F4CP 2020 Olympics Commercial Project	-	-	-
	<u>821,425</u>	<u>-</u>	<u>821,425</u>
Occupancy and office expenses			
Utilities and building maintenance	365,480	109,170	474,650
Office equipment and supplies	251,106	75,006	326,112
Property taxes	127,841	38,185	166,026
Telephone	24,704	7,379	32,083
	<u>769,131</u>	<u>229,740</u>	<u>998,871</u>
Meetings			
Meetings, board of directors	-	438,450	438,450
Meeting functions	-	159,845	159,845
Meetings, chief executive officer and staff	22,952	9,836	32,788
	<u>22,952</u>	<u>608,131</u>	<u>631,083</u>
Other			
Depreciation and amortization	231,123	331,309	562,432
Miscellaneous	-	243,461	243,461
Insurance	75,776	22,635	98,411
Professional services	-	87,848	87,848
Public relations	-	78,329	78,329
Auto expenses	16,058	9,032	25,090
Postage and shipping	12,205	3,646	15,851
	<u>335,162</u>	<u>776,260</u>	<u>1,111,422</u>
Total operating expenses	<u>\$ 9,410,029</u>	<u>\$ 2,683,867</u>	<u>\$ 12,093,896</u>

The accompanying Notes are an integral
part of these financial statements

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2019

Program Services	Management and General	Total
\$ 2,380,766	\$ 711,138	\$ 3,091,904
450,507	134,567	585,074
182,583	54,537	237,120
129,145	38,576	167,721
<u>3,143,001</u>	<u>938,818</u>	<u>4,081,819</u>
3,471,526	-	3,471,526
267,670	-	267,670
130,687	-	130,687
32,159	-	32,159
101,324	-	101,324
36,912	-	36,912
12,500	-	12,500
143,113	-	143,113
<u>4,195,891</u>	<u>-</u>	<u>4,195,891</u>
687,903	-	687,903
16,000	-	16,000
1,000,000	-	1,000,000
600,000	-	600,000
<u>2,303,903</u>	<u>-</u>	<u>2,303,903</u>
263,224	78,625	341,849
191,244	57,125	248,369
137,381	41,035	178,416
56,529	16,885	73,414
<u>648,378</u>	<u>193,670</u>	<u>842,048</u>
-	532,200	532,200
-	166,856	166,856
47,334	20,286	67,620
<u>47,334</u>	<u>719,342</u>	<u>766,676</u>
172,182	413,362	585,544
-	252,900	252,900
71,133	21,248	92,381
-	160,462	160,462
-	220,803	220,803
15,743	8,856	24,599
13,675	4,085	17,760
<u>272,733</u>	<u>1,081,716</u>	<u>1,354,449</u>
<u>\$ 10,611,240</u>	<u>\$ 2,933,546</u>	<u>\$ 13,544,786</u>

The accompanying Notes are an integral
part of these financial statements

National Board of Chiropractic Examiners and Subsidiary

Consolidated Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 2,588,312	\$ 1,715,683
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	652,851	675,091
Loss on abandonment of software development	329,960	-
Loss on disposal of assets	1,717	-
Provision for bad debts	2,370	2,370
Net realized and unrealized investment gains	(1,521,052)	(846,573)
Increase (decrease) in assets and liabilities		
Accounts receivable and accrued interest	127	4,093
Prepaid expenses and other assets	(12,163)	27,403
Accounts payable	(2,051)	(115,327)
Accrued expenses	(413,580)	434,031
Deferred revenue	796,760	195,570
Net cash provided by operating activities	<u>2,423,251</u>	<u>2,092,341</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(156,480)	(358,321)
Payments for capitalized software	(60,014)	(356,914)
Purchases of certificates of deposits	(18,413)	(488,454)
Maturities of certificates of deposits	503,818	247,540
Purchases of investments, board designated	(14,410,841)	(2,331,787)
Proceeds from the sale of investments, board designated	11,905,709	1,830,821
Net cash used by investing activities	<u>(2,236,221)</u>	<u>(1,457,115)</u>
Net Increase in Cash and Cash Equivalents	187,030	635,226
Cash and Cash Equivalents, Beginning of Year	<u>9,391,062</u>	<u>8,755,836</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,578,092</u>	<u>\$ 9,391,062</u>

The accompanying Notes are an integral
part of these financial statements

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National Board of Chiropractic Examiners and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 1 – Summary of Significant Accounting Policies

Organization. The National Board of Chiropractic Examiners (“NBCE”) was incorporated in 1963, under the laws of the state of Texas, to prepare and administer, to qualified applicants, examinations of superior quality whereby those legal agencies which govern the practice of chiropractic within each state and other countries may accept, at their discretion, those individuals who have successfully completed the examinations of the National Board of Chiropractic Examiners. Additionally, the NBCE provides test and measurement services to the chiropractic profession in areas of demonstrated need.

The Organization is the sole member of Ethics and Boundaries Assessment Services, LLC (“EBAS”). EBAS was formed in the state of Delaware as of July 1, 2013. EBAS develops and administers ethics and boundary examinations to individuals in regulated professions to evaluate their understanding of ethical behavior in their professional role and appropriate boundaries that are to be maintained.

Consolidation. The accompanying consolidated financial statements include the accounts of NBCE and its wholly-owned subsidiary, EBAS. All significant intercompany transactions have been eliminated in consolidation. Collectively, NBCE and EBAS are hereafter referred to as the “Organization”. The consolidated entities are not a separate legal entity.

Basis of Presentation. The accounting and reporting policies of the Organization conform with accounting principles generally accepted in the United States of America (“GAAP”), as codified in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

Use of Estimates in the Preparation of Financial Statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Changes in Accounting Principles. In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows* (Topic 230), which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted or designated cash and cash equivalents. Therefore, designated cash and cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Organization adopted the ASU effective January 1, 2020, and prior periods presented have been restated to conform to the pronouncement.

National Board of Chiropractic Examiners and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Net Asset Classification. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. The Organization complies with established standards for external reporting by not-for-profit organizations, which requires that resources be classified for reporting purposes into two net asset categories according to externally (donor) imposed restrictions.

Net assets are classified as follows:

Net Assets Without Donor Restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets With Donor Restrictions. Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization does not generally receive contributions, and thus, has no net assets with donor restrictions as of December 31, 2020 and 2019.

Cash and Cash Equivalents. The Organization considers highly liquid investments with maturity of three months or less when purchased to be cash equivalents. The Board of Directors of the NBCE has designated certain assets for future use. Accordingly, the board designated cash and cash equivalents have been classified as long-term. Net cash inflows or outflows of these designated funds are reflected as changes resulting from investing activities.

Property and Equipment. Property and equipment are stated at cost less accumulated depreciation. A summary by classification of the method and life guidelines used to depreciate cost is as follows:

Building and improvements	20 - 40 years
Office furniture and equipment	3 - 10 years
Vehicles	5 - 7 years
Artwork and decorations	25 years

Expenditures for maintenance, repairs and minor replacements are charged to operations, and expenditures for major replacements and betterments are capitalized. Depreciation expense totaled \$396,436 in 2020 and \$391,493 in 2019.

Prepaid Expenses. Prepaid expenses consist primarily of insurance premiums paid in advance of the coverage period, and certain other service contracts paid in advance of the service period. These costs will be recognized as an expense on a straight-line basis over the period of coverage and service period.

National Board of Chiropractic Examiners and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Capitalized Software. The Company follows the provisions of FASB ASC 350-40, *Internal-Use Software*, for capitalizing software costs. Costs incurred during the application development stage are capitalized and costs incurred during the preliminary project and the post-implementation stages are expensed as incurred. Capitalized software costs are amortized using a straight-line method over the estimated useful life of approximately three years. Amortization begins when the products are ready for their intended use. Amortization expense totaled \$228,657 in 2020 and \$194,052 in 2019. Management has determined that certain exam delivery system software under development is no longer viable, and the Organization incurred a loss on the abandonment of the project totaling \$329,960 for the year ended December 31, 2020.

Long-lived Assets. The Organization reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Organization performs undiscounted operating cash flow analyses to determine if an impairment exists. If an impairment is determined to exist, any related impairment loss is calculated based on fair value. Management has determined that no indicators of impairment existed as of December 31, 2020 and 2019.

Board Designated Assets. The general purpose for the Board designated assets is to provide funds for exceptional, non-ordinary, unforeseen emergencies; as well as the growth and development of future services for the chiropractic profession. These funds can be used for emergency operations, project development, legal expenses, support of other chiropractic organizations, and other needs as determined by the Board of Directors. The Board of Directors must approve all Board designated asset expenditures.

The NBCE is committed to a high degree of fiduciary responsibility and after considerable evaluation and research has established a long range goal for the board designated assets to be set at an amount (excluding real property assets) equal to two years current operating expenses.

Revenue Recognition. The Organization follows the provisions of FASB ASU No. 2014-09 (Topic 606), *Revenue from Contracts With Customers* and recognizes revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods and services. The Organization's revenue under contracts with customers are primarily comprised of examination fees collected in advance at the time of registration and are recorded as deferred revenue until recognized at a point in time upon the grading and reporting of the results to the examinee. The Organization satisfies its performance obligations related to examination fees by preparing, administering, grading, and reporting the results of the exams. In addition, the Organization receives fees for other services including transcripts, sample tests, certificates and plaques. Other service fees are generally collected in advance and recognized as revenue at a point in time in the period that the goods are transferred or the other services are performed.

National Board of Chiropractic Examiners and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes. NBCE is a not-for-profit corporation exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code, except for activities that create unrelated business taxable income. The Organization is not a private foundation. EBAS is a single member limited liability company, with NBCE as the sole member, and accordingly, is classified as a disregarded entity for income tax purposes. EBAS revenues, expenditures and activities are attributed to NBCE for reporting with the Internal Revenue Service.

The Organization has no income from business unrelated to its exempt purpose, and accordingly no liability for federal income taxes has been recorded in the accompanying financial statements.

The Organization utilizes the provisions of ASC 740, pertaining to accounting for uncertainty in income taxes. The pronouncement requires the use of a more-likely-than-not recognition criteria before and separate from the measurement of a tax position. An entity shall initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. With respect to the Association, this would primarily relate to the determination of unrelated business taxable income, and to the maintenance of its tax exempt status.

Management has evaluated the adopted policies and procedures that have been implemented to provide assurance that income is properly characterized and activities that jeopardize its tax exempt status are within limits established under existing tax code and regulations. Management has determined the effects of uncertain tax positions are not material to the Organization for recognition or disclosure in the accompanying financial statements and, accordingly, no income tax liability has been recorded for uncertain income tax positions in the accompanying financial statements.

All income tax years 2017 through the current year are open for examination and are subject to taxation at corporate tax rates. Additionally, penalties and interest may be assessed on income taxes that are delinquent. The assessment of uncertain income taxes is subject to estimate, and it is reasonably possible that the estimate may change in the near term and the change may be material.

Concentrations. 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. The Organization's investments subject to credit risk consist primarily of equity investments and debt securities. The credit risk is reduced by maintaining the investments in a variety of funds.

Subsequent Events. Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through March 12, 2021, which is the date the financial statements were available to be issued.

National Board of Chiropractic Examiners and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 2 – Liquidity and Availability of Resources

The Organization has the following financial assets, primarily consisting of cash and cash equivalents, available to meet the cash requirements for general expenditures within one year of the statement of financial position dates as of December 31:

	<u>2020</u>	<u>2019</u>
Financial assets, end of year	\$ 32,885,351	\$ 29,160,039
Less certificates of deposits with long-term maturities	(235,820)	(721,225)
Less assets designated by the Board under the designated reserve investment policy	(24,161,771)	(21,941,648)
Financial assets available to meet cash requirements for general expenditures within one year	<u>\$ 8,487,760</u>	<u>\$ 6,497,166</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

In addition, the NBCE Board of Directors has a designated reserve investment policy. This policy was established to designate certain assets for the purpose of funding future capital improvements, long-term investments, contingent operating needs of the NBCE, and support of other chiropractic organizations. Those assets that have been included within the board designation are clearly indicated in the consolidated statements of financial position.

Note 3 – Reconciliation of Cash and Cash Equivalents

The following table provides a reconciliation of cash and cash equivalents reported within the statements of financial position at December 31, 2020 and 2019 that sum to the total of the same such amounts shown in the statement of cash flows for the years then ended.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 8,482,745	\$ 6,489,654
Cash and cash equivalents, Board designated	1,095,347	2,901,408
	<u>\$ 9,578,092</u>	<u>\$ 9,391,062</u>

National Board of Chiropractic Examiners and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 4 – Investments

Investments are carried at fair value. Certificates of deposit with a maturity of greater than 90 days have been included in other long-term assets as certificates of deposit, and investments which have been designated by action of the Board of Directors have been included with other long-term assets.

The following details each major category of investments, and the related cost and fair value as of December 31, 2020:

	<u>Cost</u>	<u>Fair Value</u>
Long-term investments		
Fixed income		
Domestic notes and bonds	\$ 7,955,310	\$ 8,031,535
US Treasury notes	3,781,860	3,989,891
Municipal bonds	300,010	299,894
Equity funds		
Domestic All Cap	1,767,840	2,392,320
International	1,218,005	1,615,054
Emerging Markets	464,789	621,715
Floating Rate Corp Loans	1,166,888	1,199,269
Real Estate Funds	1,161,165	1,181,581
Liquid Low Correlated Hedge	2,325,269	2,442,962
Energy Limited Partnership	1,190,820	1,207,900
Certificates of deposit	235,820	235,820
	<u>\$ 21,567,776</u>	<u>\$ 23,217,941</u>

The following details each major category of investments, and the related cost and fair value as of December 31, 2019:

	<u>Cost</u>	<u>Fair Value</u>
Long-term investments		
Fixed income		
Government bonds	\$ 8,959,970	\$ 8,916,128
Corporate bonds	7,943,034	7,953,175
Equity funds		
US Large Cap	457,159	857,174
US Mid Cap	231,615	362,917
US Small Cap	172,274	262,038
Developed Market Ex US	278,836	314,580
Emerging Market	216,163	249,032
Certificates of deposit	721,225	721,225
	<u>\$ 18,980,276</u>	<u>\$ 19,636,269</u>

National Board of Chiropractic Examiners and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 5 – Fair Value Measurements

Fair Value Measurements. The Organization reports using fair value measurements, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2. Inputs to the valuation methodology include, quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Fixed Income Notes and Bonds. The Organization values government and corporate notes and bonds based on current interest rates for instruments with similar characteristics, as estimated by the custodians of the securities.

Equity Funds. The Organization values domestic and international funds based upon quoted market prices for identical securities in active markets, and published redemption values at the close of business on December 31, 2020 and 2019, respectively.

Certificates of Deposit. The Organization values certificates of deposit at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer. Early withdrawal charges may apply in the event the instruments are liquidated prior to their scheduled maturity date.

National Board of Chiropractic Examiners and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 5 – Fair Value Measurements (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the consolidated financial statements.

Investments measured at fair value on a recurring basis have been categorized into the hierarchy as follows at December 31, 2020:

	Level 1	Level 2	Total
Fixed income notes and bonds	\$ -	\$ 12,321,320	\$ 12,321,320
Equity funds	10,660,801	-	10,660,801
Certificates of deposit	-	235,820	235,820
	<u>\$ 10,660,801</u>	<u>\$ 12,557,140</u>	<u>\$ 23,217,941</u>

Investments measured at fair value on a recurring basis have been categorized into the hierarchy as follows at December 31, 2019:

	Level 1	Level 2	Total
Fixed income notes and bonds	\$ -	\$ 16,869,303	\$ 16,869,303
Equity funds	2,045,741	-	2,045,741
Certificates of deposit	-	721,225	721,225
	<u>\$ 2,045,741</u>	<u>\$ 17,590,528</u>	<u>\$ 19,636,269</u>

Note 6 – Rental Real Estate

The Organization owns a rental real estate property, referred to as 5401 Building, in Greeley, Colorado which is comprised of the following at December 31:

	2020	2019
Land	\$ 230,000	\$ 230,000
Building	1,884,331	1,884,331
Building improvements	404,182	404,182
	<u>2,518,513</u>	<u>2,518,513</u>
Less accumulated depreciation	(1,061,036)	(935,148)
Net 5401 Building	<u>\$ 1,457,477</u>	<u>\$ 1,583,365</u>

National Board of Chiropractic Examiners and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 6 – Rental Real Estate (continued)

The building is being depreciated over the estimated life of the building of 40 years and building improvements are being depreciated over the estimated lives ranging from 20-40 years. Depreciation expense associated with this property totaled \$62,662 in 2020 and \$63,226 in 2019. The investment in this property has been reflected at cost, net of accumulated depreciation, in the accompanying consolidated statements of financial position as board designated. Revenues principally consist of rental income, and expenses principally consist of depreciation, property taxes, insurance, utilities and repairs.

Rental real estate activities are summarized as follows for the years ended December 31:

	2020	2019
Rental revenues	\$ 53,304	\$ 114,239
Less operating expenses	(172,289)	(134,970)
Net loss on rental activities of 5401 Building	<u>\$ (118,985)</u>	<u>\$ (20,731)</u>

Future minimum rental receipts under current leases are as follows as of December 31, 2020:

Year	Amount
2021	\$ 73,325
2022	85,620
2023	88,189
2024	66,329
2025	67,846
Thereafter	142,550
	<u>\$ 523,859</u>

Note 7 – Contract Liabilities

Deferred revenue (contract liability) consists of amounts received in advance for examination fees. Beginning balances were \$2,903,505 and \$2,707,935 at January 1, 2020 and 2019, respectively. Ending balances were \$3,700,265 and \$2,903,505 at December 31, 2020 and 2019, respectively.

Note 8 – Accrued Compensated Absences

It is the Organization's policy to permit employees to accumulate a limited amount of earned but unused vacation benefits. Vacation benefits accrued may be carried over into future periods. Additionally, benefits would be paid to employees upon separation from the Organization. As of December 31, 2020 and 2019, the Organization has recorded a liability of \$186,321 and \$143,906, respectively, for these benefits, representing the Organization's commitment to fund such costs.

National Board of Chiropractic Examiners and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 9 – Operating Leases and Commitments

The Organization has entered into noncancellable operating leases for office equipment and a vehicle with terms ranging from three to five years. Rent expense under the operating leases totaled approximately \$35,074 in 2020 and \$41,621 in 2019.

Future minimum lease payments under the noncancellable operating lease agreements are as follows at December 31, 2020:

Year	Amount
2021	\$ 33,713
2022	24,358
2023	13,348
2024	4,693
2025	391
	<u>\$ 76,503</u>

Note 10 – Defined Contribution Retirement Plan

The Organization makes contributions to a qualified 401(k) plan administered by the Principal Financial Group. These accounts are owned by the employees. Contributions made to the employee accounts are based on a percentage of salary, as approved by the Board of Directors. Contributions were made based upon 6% of the employees' wages and were \$202,563 in 2020 and \$167,722 in 2019.

Note 11 – EBAS Expenses

During the year ended December 31, 2020 and 2019, EBAS incurred direct expenses of \$94,911 and \$164,219, respectively, and indirectly benefitted from \$250,512 and \$263,257, respectively, of expenses incurred by NBCE. Software amortization expense of \$27,759 and \$26,319 for the years ended December 31, 2020 and 2019, respectively, are included in direct expenses. At December 31, 2020 and 2019, EBAS had cash of \$59,417 and \$47,850 and owed \$2,388,386 and \$2,130,202 to NBCE, respectively.

National Board of Chiropractic Examiners and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 12 – Financial Assistance to Other Organizations and Related Party Transactions

Federation of Chiropractic Licensing Boards. The Organization has a twenty year annual support agreement with the Federation of Chiropractic Licensing Boards (FCLB), a related entity through common members of Board of Directors, that was in its twelfth year in 2020. In summary, NBCE agrees to pay FCLB the greater of either \$500,000 or 5% of annual chiropractic test revenue in two equal installment payments per year. The annual chiropractic test revenue to base this percentage on is the total examination fees for all delivered chiropractic exams less exam fee refunds. FCLB agrees to continue to support and promote the use of NBCE's exams. NBCE provides additional financial support to FCLB for their Annual Delegate Conference. In addition, NBCE leases, under an informal agreement, FCLB a portion of its investment building at 5401 West 10th Street in Greeley, Colorado for a nominal annual fee recorded as contributions in-kind based on the fair rental value of the property and an allocation of utilities expenses.

The Organization provided the following support to the FCLB for the years ended December 31:

	2020	2019
Payments sent to FCLB related to annual support agreement	\$ 677,408	\$ 655,139
Annual delegate conference support	-	42,435
Office space and utilities in-kind	34,017	32,764
Total support provided to FCLB	<u>\$ 711,425</u>	<u>\$ 730,338</u>

RAND CCCIHR. In 2019, the Board of Directors approved a \$1,000,000 gift to the RAND Corporation for initial seed funding for the creation of a department at the entity to promote and assist chiropractic colleges with research initiatives. The gift was paid in 2019.

Foundation for Chiropractic Progress. In 2019, the Organization entered into an agreement with the Foundation for Chiropractic Progress (F4CP) for a \$600,000 donation to partially fund, with other organizations, the cost of airing five 0:30 second *Career in Chiropractic* commercials during the broadcasting of the 2020 Summer Olympics for the promotion of growth and awareness of careers in the chiropractic profession. The Organization made an initial payment of \$200,000 in August 2019, with two additional installments of \$200,000 payable in January and May 2020. In March 2020, the International Olympic Committee postponed the 2020 Summer Olympics and the commercials are expected to air during the broadcast in 2021.

Note 13 – Contingencies

During the ordinary course of business, the Organization may be subject to legal claims relating to its activities. No amounts have been recorded in the accompanying financial statements for claims or counterclaims. The recognition of contingencies is subject to estimation. It is reasonably possible that estimates may change in the near term.

National Board of Chiropractic Examiners and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 14 – Risk and Uncertainties

During 2020, a health care pandemic has occurred in the United States and internationally. In response to the crisis, the federal, state, and municipal governments have enacted various policies to curtail group gatherings until the risk has diminished. Certain services of the Organization are subject to modified operations. Additionally, the global economy has been negatively impacted. No reliable estimate of the potential future financial impacts of this uncertainty on the Organization can be made at this time.

The federal government has enacted legislation to mitigate some of the economic effects of the pandemic, including the Coronavirus Aid, Relief, and Economic Security Act (CARES) of 2020. The CARES Act provisions for a Employee Retention Credits (ERC) to qualified entities intended to help workplaces keep employees on their payroll during the downturn caused by the COVID-19 pandemic. More specifically, the ERC is a fully refundable payroll tax credit that's equal to 50% of qualified wages, up to \$10,000 of wages per employee. The Organization received credits totaling \$209,169 for the year ended December 31, 2020 that are reported as other income in the accompanying Statement of Activities.

National Board of Chiropractic Examiners and Subsidiary

Consolidated Schedules of Revenues

Years ended December 31	2020	2019
Examination Fees		
Part IV	\$ 4,165,990	\$ 4,049,330
Part III	2,200,220	2,527,650
Part II	2,086,510	2,194,740
Part I	2,063,905	2,436,545
Physiotherapy	1,104,150	1,302,625
Part I and II subject retakes	722,260	685,745
Acupuncture	110,250	136,500
Special Purposes Examination for Chiropractic (SPEC)	88,500	111,000
State specialty	83,755	68,635
EBAS	81,900	134,704
Specialty council	8,000	18,350
Certified Chiropractic Clinical Assistant (CCCA)	7,900	7,700
Refunds	(37,115)	(42,055)
	<u>12,686,225</u>	<u>13,631,469</u>
Other Services		
Transcripts	68,200	63,830
Internet sample test	28,185	27,025
Miscellaneous	12,837	8,139
Certificates and plaques	5,095	5,670
Part VI appeal	1,950	1,500
Cancellation fees	150	2,300
Chiropractic College Aptitude Test (CCAT) fees	270	810
	<u>116,687</u>	<u>109,274</u>
Total revenues	<u>\$ 12,802,912</u>	<u>\$ 13,740,743</u>



NBCE

2020 ANNUAL REPORT

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