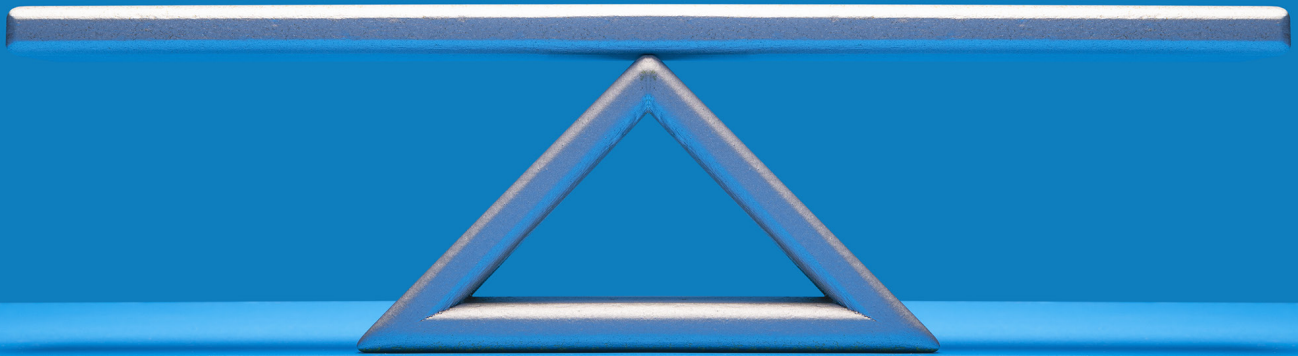




NATIONAL BOARD OF CHIROPRACTIC EXAMINERS

# DEFINING EXCELLENCE



2022  
ANNUAL REPORT

# MISSION

Ensuring professional competency through excellence in testing.

# VISION

The National Board of Chiropractic Examiners (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.

# VALUES

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

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# Message from Dr. Boghosian & Dr. Ouzts



**Karlos Boghosian, D.C.**  
NBCE President & At-Large Director



**Norman E. Ouzts, D.C.**  
NBCE Chief Executive Officer

## Targeting excellence is a continuously advancing process.

The NBCE's mission of "excellence in testing" has served as an effective foundation for encouraging thoughtful decisions that are driven by quality exam products, exam administration, and service to the organization's stakeholders. The landscapes of the chiropractic profession and high-stakes testing are constantly being developed as new innovations and products are introduced. Therefore, the NBCE's definition of "excellence" is always evolving. The NBCE's exam products have

undergone years of dynamic enhancement, and 2022 became a year of self-assessment for the organization. "Defining excellence" is this year's annual report theme. It reflects the NBCE's concerted efforts to define what excellence means to the people impacted by the products and services offered by the organization.

In a search for clarity and definition, every part of the organization has been analyzed. The NBCE finances were carefully considered—specifically, the designated reserve policy. The purpose of the reserve was better defined as well as how reserve funds may be spent, how money is allocated to the reserve, and the minimum amount of funds to be held in the reserve. The board of directors also evaluated what excellence represents in the governing of the NBCE by analyzing board policies and procedures to provide the NBCE with the structure and sustaining support required to accomplish its goals.

The NBCE responded to students who expressed concern regarding exam fees and stabilized the exam costs in 2022. The NBCE continues to focus on efficiencies and cost-saving measures within the organization and in exam administration.

To further ensure excellence in its testing, the NBCE increased the involvement of state boards and chiropractic college faculty in the test development and standard setting committees. Continued conversations with the colleges offering Doctor of Chiropractic programs have been expanded regarding the NBCE's exam development processes and scoring.

The NBCE marks its 60th anniversary in 2023. This milestone represents six decades of outstanding performance and superior dedication to defining excellence for the NBCE and its future stakeholders. This document details the results of the NBCE's self-evaluation over the past year. It accurately reflects the standards of the chiropractic profession, addresses the needs of the organization's stakeholders, and presents future objectives for the organization.

The NBCE extends its gratitude to the state board delegates, chiropractic colleges, students, practicing doctors of chiropractic, as well as the NBCE staff and Board of Directors who have assisted with our projects. This mutual commitment serves to unite all advocates for the chiropractic profession in the evolution and development of excellence.

On behalf of the entire board and staff, the NBCE proudly presents the 2022 annual report, which summarizes the work of the National Board of Chiropractic Examiners. With this online publication, we affirm that the fiduciary and organizational responsibilities of our positions have been fulfilled.

# NBCE Board of Directors



**1 Steven Roberts, J.D.**  
*At-Large Director*

**2 Donna Mannello, D.C.**  
*At-Large Director*

**3 Danita Heagy, D.C.**  
*District V Director*

**4 Norman E. Ouzts, D.C.**  
*NBCE Chief Executive Officer*

**5 Margaret Freihaut, D.C.**  
*NBCE Treasurer and At-Large Director*

**6 LeRoy F. Otto, D.C.**  
*NBCE Vice President and District II Director*

**7 Karlos Boghosian, D.C.**  
*NBCE President and At-Large Director*

**8 Jason Jaeger, D.C.**  
*NBCE Secretary and District IV Director*

**9 James Buchanan, D.C., M.S.**  
*District I Director*

**10 Carol Winkler, D.C.**  
*FCLB Appointment*

**11 Gary DiBenedetto, D.C.**  
*District III Director*

**12 Robert Daschner, D.C.**  
*FCLB Appointment*

The board, as the NBCE's governing body, is entrusted with the authority to establish policy for the governance of the NBCE. Board policy establishes the parameters and guidelines for board members, committees, management, and staff.

The 11-member composition of the NBCE Board begins at the state/district level. States that utilize the NBCE's 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.

## NBCE Board of Directors' Roadmap

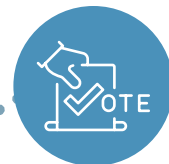
**Oversight**  
11 Member  
Board of Directors



**State/District**  
Delegates and Alternates Attend  
the NBCE Annual Meeting

**District Director Vote**  
All State Delegates Vote to Accept  
or Reject Each District Nominee

**Board Elections**  
Four At-Large Directors Elected  
to Serve A Two-Year Term.

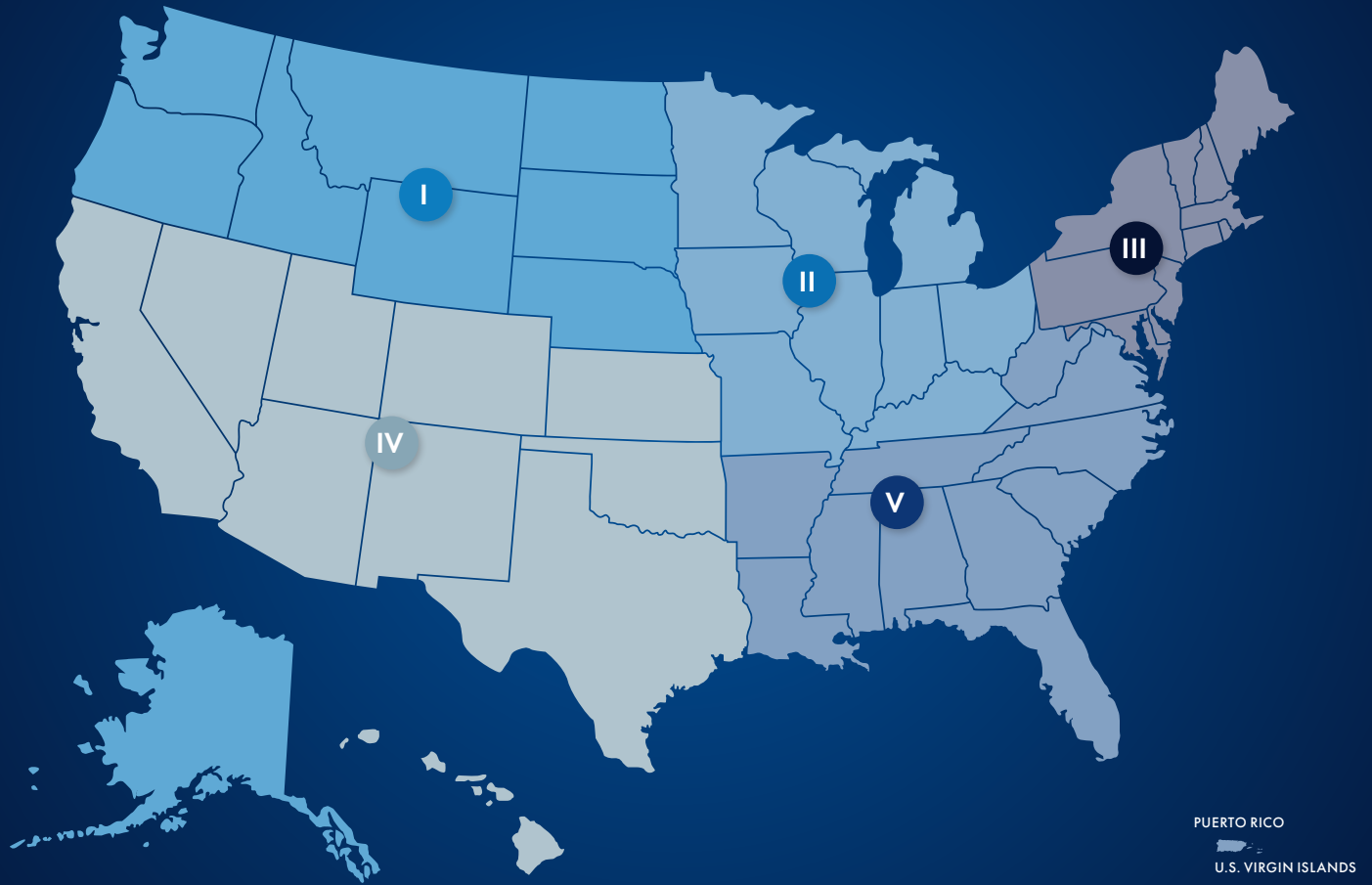


**District Director Nominations**  
Delegates Nominate Five District  
Directors at Annual Meeting

**FCLB Appointments**  
Two Seats Are Filled  
by FCLB Appointments

**Officer Elections**  
Elected Annually and Compose  
the NBCE Executive Committee

# State Board District Map



## NBCE DISTRICTS BY STATE

**DISTRICT I:** Washington, Oregon, Idaho, Montana, Wyoming, North Dakota, South Dakota, Nebraska, and Alaska.

**Directed by James Buchanan, D.C., M.S.**

**DISTRICT II:** Minnesota, Iowa, Missouri, Michigan, Kentucky, Wisconsin, Illinois, Indiana, and Ohio.

**Directed by NBCE Vice President LeRoy Otto, DC**

**DISTRICT III:** Pennsylvania, Vermont, New Hampshire, Maine, Massachusetts, Connecticut, New York, New Jersey, Rhode Island, Delaware, Maryland, and Washington D.C.

**Directed by: Gary DiBenedetto, D.C.**

**DISTRICT IV:** Texas, Oklahoma, Kansas, Colorado, New Mexico, Utah, Arizona, Nevada, California, and Hawaii.

**Directed by NBCE Secretary Jason Jaeger, DC**

**DISTRICT V:** Louisiana, Arkansas, Mississippi, Alabama, Georgia, Florida, Tennessee, North Carolina, South Carolina, Virginia, West Virginia, Puerto Rico, and U.S. Virgin Islands.

**Directed by: Danita Heagy, D.C.**

## PARTNERSHIPS WITH STATE LICENSING BOARDS

Regulatory boards in each state establish and oversee the legal requirements that applicants must meet prior to becoming licensed chiropractors. Boards in every U.S. jurisdiction accept or require the NBCE's examinations as part of their licensing criteria. To provide critical oversight of the pre-licensure examination process, state board members participate in the NBCE's Test Development Committees and Standard Setting Workshops. They also appoint representatives to attend the NBCE's Part IV exam to participate in the testing of future Chiropractic licensure applicants, and serve as delegates to adopt the NBCE's by-laws and elect members to the NBCE Board of Directors. State boards provide direction and regulation around the examination process and are an important constituency of the NBCE.

# Executive Team

As the board of directors sets policy for the governance of the organization, the NBCE Executive Team leads the organization by developing and implementing strategies to achieve the purpose, vision, and mission of the organization. Specifically, the NBCE Executive Team manages risks, sets metrics and targets, manages relationships with stakeholders, guides company culture, and drives strategies and key initiatives throughout the organization.



**Norman E. Ouzts, D.C.**  
*Chief Executive Officer*

Dr. Norman Ouzts has held a variety of roles within the NBCE Board of Directors, including District V Director from 2007 to 2017, Vice President from 2010 to 2012, and President from 2012-2014. In addition, Dr. Ouzts served on the South Carolina

Board of Chiropractic Examiners, the South Carolina Chiropractic Association, the Federation of Chiropractic Licensing Boards, Chairman of the Chiropractic Summit, and Founding President of the Pro-Active Healthcare of South Carolina.

Norman Ouzts, D.C., is a business executive with the mission to establish and maintain uniform, high standards of excellence in the chiropractic profession and chiropractic regulation. He assumed leadership of the NBCE in 2017.

Dr. Norman Ouzts is a licensed chiropractor with over 25 years of experience.



**Melissa Stockberger, CPA, MS**  
*Chief Financial Officer*

Melissa Stockberger joined the NBCE in 2021 with over 14 years of professional experience. As the Chief Financial Officer, Melissa oversees human resources and all aspects of financial operations, including tax compliance, in-depth revenue and

expense forecasting and analysis, investment management, directing annual audit activities, and preparation of financial reports for the NBCE Board of Directors.

Graduating with her Master of Science degree in accounting from the University of Wyoming, Melissa Stockberger is a licensed Certified Public Accountant in the State of Colorado and a member of the American Institute of CPAs and the Colorado Society of CPAs. Melissa worked in Public Accounting and was CFO of a public health advocacy non-profit organization, before joining the non-profit organization, the NBCE, which develops, produces, and publishes chiropractic board exams.



**Bruce L. Shotts, D.C.**  
*Vice President of Testing*

Dr. Bruce Shotts has worked with the NBCE in several capacities during the past three decades. In January of 2014 he assumed responsibility as the NBCE Director of Written Examinations. In October of 2021 he was promoted to Vice President of

Testing. During this time, he has been actively promoting the advancement of computer-based testing for the national exams as well as the development and administration of several specialty exams within the chiropractic profession.

Bruce Shotts, D.C., is a 1989 graduate of Palmer College of Chiropractic. He has maintained a family-centered practice in Colorado for over 24 years. In addition to his Chiropractic degree, he obtained Diplomate status in Acupuncture from the National Certification Commission of Acupuncture and Oriental Medicine (NCCAOM), a Master's degree in Human Nutrition, and is a Diplomate of the Chiropractic Board of Clinical Nutrition (DCBCN). From 1998-2006, Dr. Bruce Shotts served two terms on the Colorado State Board of Chiropractic Examiners and was actively involved as a FCLB and NBCE delegate during that period.



**Tamara Sterling, MBA**  
*Vice President of Administration*

In her role as Vice President of Administration, Tamara oversees the daily operations for Exam Administration and Relations, Auxiliary Services, Public Relations, and Information Technology. She also focuses on high-impact projects which optimize performance,

efficiencies, and meet the strategic goals of the organization.

Tamara Sterling began her career at the NBCE in 2009 as a specialist in the Examinee Communications department, where she assisted examinees in navigating the exam application and test accommodation process. Tamara used that foundational operational knowledge to improve the examinee website and online application process. Throughout her career, she has held many positions and worked across departments to influence change and foster an environment of continuous improvement. She has guided the NBCE in the transition to Computer-Based Testing and the Part IV Advancement and Development Project. Graduating with her MBA from Colorado State University, Tamara is an innovative problem solver that can facilitate the vetting of strategic solutions, drive stakeholder engagement, and deliver results on multiple high-impact projects simultaneously.

# Tullio Award Winners

The Tullio Award recognizes individuals who have distinguished themselves in examination development, administration, analysis, and/or scoring.

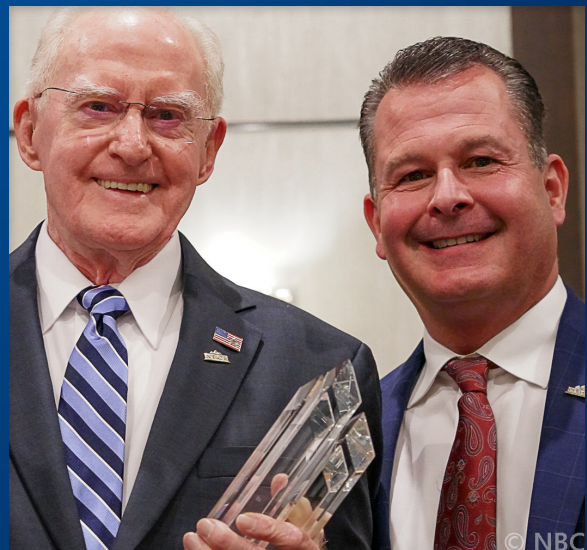
At the 2022 Annual Meeting, The Paul M. Tullio Award for Distinguished Service to the NBCE was awarded to Horace C. Elliott and Michele K. Fisher for their numerous years of individual contributions to the NBCE and the chiropractic profession.

*“We would be here for days on end if we were to list out all the accomplishments and contributions these two have made to the chiropractic profession.”*

Dr. Norman Ouzts—NBCE Chief Executive Officer



**Michele K. Fisher**, NBCE Exam Production Manager, is credited with being an integral component of the Part IV exam since its inception. She has worked tirelessly to ensure flawless exam delivery every administration and to oversee the simulated patient training program at all Part IV test sites.



**Horace C. Elliott**, former Executive Vice President of the NBCE, led the organization through remarkable expansion, overseeing the development of the Part III exam in the 1980s and the Part IV exam in the 1990s. His impact on the profession, as well as numerous chiropractic leaders, is evidenced by his extensive honors and major achievements, including the George Arvidson award in 2001 and an honorary doctorate in humanities from the Texas Chiropractic College.

# Research & Education

## 2022 WFC ACC Chiropractic Education Conference

The NBCE was invited to present at the 2022 education conference for the World Federation of Chiropractic/Association of Chiropractic Colleges, the presentation demonstrated the potential benefits of global standardized testing. The message emphasized the mission to provide standardized testing that serves to reinforce and strengthen public protection worldwide. Global standardized testing would provide license portability and allow chiropractors to practice without borders, providing humanitarian aid and validating the benefits of chiropractic throughout the world.



*"Consumer expectation is global consistency for chiropractic treatment..."*



## Mini Delphi Summit—Hosted by the NBCE for Chiropractic College Faculty

The NBCE hosted 30 college and university representatives at the NBCE Mini Delphi Summit in October of 2022. The open forum provided discussions and interactions aimed at identifying potential gaps between college curricula and the NBCE exam content.





## College and University Representatives at the NBCE Mini Delphi Summit

**Steve Agocs, DC** - Cleveland University - Kansas City

**Ilija Arar, DC, MS** - Northeast College of Health Sciences

**Jeremy Barthels, BS, MS, DC** - Northwestern Health Sciences University

**Ramneek Bhogal, DC, DABCI** - Life University

**Kelly Brinkman, DC** - Logan University

**Erica Callahan, DC, MSACN** - Campbellsville University School of Chiropractic

**Alena Coleman, MS, DC** - Southern California University of Health Sciences

**Blake Daniels, DC** - Southern California University of Health Sciences

**Jeana Edwards, DC** - Life Chiropractic College West

**Martha Friesen, MS, PhD** - Texas Chiropractic College

**Aimee Jokerst, DC** - Logan University

**Ward Jones, PhD** - Palmer College of Chiropractic - Iowa

**Bernadette Lavender, DC, MPH** - Life University

**James Lehman, DC, MBA** - University of Bridgeport

**Joy Lewis, MS, EdD** - Palmer College of Chiropractic - Florida

**George Luo, PhD** - Sherman College of Chiropractic

**Celia Maguire, DC** - Parker University

**Rose Olson, DC, Med** - Parker University

**Mackenzie Ott, PhD** - National University of Health Sciences

**Nakiesha Pearson, DC, ND** - National University of Health Sciences

**Armand Rossi, DC** - Sherman College of Chiropractic

**Gary Schultz, DC, DACBR** - University of Western States

**Michael Sheppard, DC** - Texas Chiropractic College

**William Sherrier, MA, DC** - Palmer College of Chiropractic - Florida

**Troy Stark, DC** - Palmer College of Chiropractic - Iowa

**Adam Thompson, MAEd** - Life Chiropractic College West

**Mary Tuchscherer, DC, PhD** - Northwestern Health Sciences University

**Catalina Villamil, MS, PhD** - Universidad Central del Caribe

**David Wickes, DC, MA** - The Association of Chiropractic Colleges

**Jon Wilson, DC, MS** - Cleveland University - Kansas City

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## Publications and Conference Presentations

### Publications

Himelfarb, I., Shotts, B. L., & Gow, A. R. (2022). Examining the validity of chiropractic grade point averages for predicting National Board of Chiropractic Examiners Part I exam scores. *Journal of Chiropractic Education*, 36(1), 1-12.

### Conference Presentations

Tang, N., Edi, D., Tsai, C., & Himelfarb, I. (April 2022). Examining examiner bias using cross-classified multilevel model. National Council on Measurement in Education Annual Conference. San Diego, CA.

Himelfarb, I., Houck, B., Gow, A., & Tang, N. (April 2022). Current state and future directions of performance-based clinical competence assessments. National Council on Measurement in Education Annual Conference. San Diego, CA.

Tang, N., Edi, D., & Himelfarb, I. (July 2022). Examining rater bias using polytomous IRT cross-classified multilevel modeling. International Meeting of the Psychometric Society. Bologna, Italy.

Himelfarb, I., Tang, N., Edi, D., & Fang, G. (July 2022). Estimating the accuracy of classification into pass/fail conditions of the criterion-referenced Chiropractic Written Clinical Competence Exam. International Meeting of the Psychometric Society. Bologna, Italy.

Himelfarb, I., Shotts, B., & Gow, A.R. (October 2022). Examining the Validity of Chiropractic Grade Point Averages for Predicting NBCE Part I Exam Scores. WDC ACC Global Educational Conference. St. Louis, MO.

Himelfarb, I., Shotts, B. L., & Gow, A. R. (October 2022). Examining the Relationship Between Test-Taking Time and Test Scores: Evidence from Chiropractic Pre-Licensure Testing Programs. WDC ACC Global Educational Conference. St. Louis, MO.

Himelfarb, I., Shotts, B. L., & Gow, A. R. (July 2022). Content validation of the chiropractic basic and clinical sciences exams: A Delphi study. ACC-RAC Conference. San Diego, CA.

Shotts, B. L., & Himelfarb, I. (July 2022). Healthcare sciences educational assessment: A pilot study. ACC-RAC Conference. San Diego, CA.

Himelfarb, I., & Tang, N.-E. (July 2022). Exploring the unobserved heterogeneity within the chiropractic profession: Are chiropractors scientifically oriented? ACC-RAC Conference. San Diego, CA.

### Keynote Address

Paik, J. H., & Himelfarb, I. (2022, November 7). Big Data in Modern Education: A Review and an Example from I-Tok Tok Platform Data [Keynote Address]. Seoul National University. Seoul, South Korea.

# Test Committees & Standard Settings

Annually, the NBCE hosts Test Development Committees for each exam to provide an opportunity for committee members to review and approve items for future examinations. Committee participants include chiropractic college faculty members who are nominated by college deans and are then selected by the NBCE and practitioners from state boards selected by the NBCE district directors.

In addition, Standard Setting Committee participants determine and approve cut (passing) scores for exams. Participants include chiropractic college faculty, chiropractic practitioners, and state board members. The standard settings for each exam are conducted every three years and possibly sooner if warranted. In 2022, the results of the Delphi Study initiated changes to the Part I and II test plans. Therefore, the NBCE organized a special Standard Setting Committee to evaluate the cut scores for the Part I and II exams.

Also in 2022, the NBCE Board of Directors made the commitment to incorporate more practitioners into exam planning by utilizing the expertise of state board members as well as its academic stakeholders. This decision served to further strengthen these professional relationships. Direct changes resulted from this decision and affected the composition of several committees.



**Part I Test Development Committees** increased from three to five faculty members per domain.

**Part II Test Development Committees** increased from three faculty members per domain to five members, one of which is a state board representative.



**Part III Test Development Committees** have doubled in size and now consist of ten state board representatives and six faculty members.



**Physiotherapy Test Development Committees** have increased from three to four faculty members and now include one state board representative.



**The Part I and II Standard Setting Committees** previously consisted of only faculty members. Beginning in 2022, Standard Setting workshops are now composed of ten state board representatives and six faculty members.



### NBCE Part I Test Development Committee and Standard Setting Workshop

**Distinguished academic representatives included:**

Pradip Sarkar, PhD\* - Parker University  
Mackenzie Ott, PhD - National University of Health Sciences  
Ward Jones, PhD - Palmer College of Chiropractic  
William Borman, PhD\* - University of Western States  
Joe Muldoon, DC - Northwestern Health Sciences University  
Rose Olson, DC - Parker University  
Paul Herbert, DC - Northeast College of Health Sciences  
Martha Friesen, PhD\* - Texas Chiropractic College  
Vibhuti Jansari, PhD - Northwestern Health Sciences University  
Anjum Odhwani, MD - Parker University  
Fuhua Lu, PhD - Life University  
Mary Whalen, DC - Life Chiropractic College West  
Yuan Gao, MD\* - Logan University  
Rocky Justice, DC - Palmer College of Chiropractic  
Jeremy Barthels, DC - Northwestern Health Sciences University  
Nishwan Dabbagh, MD - Cleveland University  
Muhammad Khan, MBBS - National University of Health Sciences  
Vinnavadi Ravikumar, PhD\* - Life University  
Deborah Sanderson, DC - Sherman College of Chiropractic  
Atanas Ignatov, PhD - Logan College of Chiropractic  
Khoi Duc Do, MD - Palmer College of Chiropractic  
Abigail Gonsalves, DC - Palmer College of Chiropractic  
Paul Rupp, PhD\* - Cleveland University  
Samantha Attaway, PhD - Sherman College  
Michael Zumpano, PhD - Northeast College of Health Sciences  
Bruce Harman, DC - Life University  
Lynn Pownall, DC - D'Youville College

**State board representatives included:**

Dr. Dionne McClain, Dr. Kent Yohe, Dr. Ridge Pidde,  
Dr. Nicole Harmel-Canada, Dr. George Khoury, Dr. Gregory Lewis,  
Dr. Heather Henrichs, Dr. Brad Russell

### NBCE Part II Test Development Committee and Standard Setting Workshop

**Distinguished academic representatives included:**

Alex Adorno Bruno, DC - Universidad Central del Caribe  
Kristine Aikenhead, DC - National University of Health Sciences  
John Cho, DC, DACBR, RMSK - Parker University  
Diane Christopherson, DC - Southern California University of Health Sciences  
Jeana Edwards, DC\* - Life Chiropractic College West  
Jay Elliott, DC, Med - Logan University  
Stephen Grande, DC - D'Youville  
Toni Grossenheider, DC - Logan University  
Chad Hagen, DC - Palmer College of Chiropractic - Iowa  
Shawn Hatch, DC\* - University of Western States  
Dana Hollandsworth, DC\* - Parker University  
Amilliah Kenya, DC - Sherman College of Chiropractic  
Brad Koby, DC - Texas Chiropractic College  
Yuri Korvatko, DC, MS, DACBR, RMSK\* - National University of Health Sciences

\* Indicates participation in both the Test Development Committee and Standard Setting Workshop.

Catherine Leduc Ramcharan, DC - Southern California University of Health Sciences  
Chris Major, DC, DACBR, ATC - Northwestern Health Sciences University  
Robert Moore, DC - Cleveland University - Kansas City  
Olena Plotkina, MD, DC - Life University  
Katherine Reckelhoff, DC - Cleveland University - Kansas City  
Eric Russell, DC, MBA - Life University  
Savannah Shortz, DC, DACBR - Life Chiropractic College West  
Cindy Treharne, DC - Sherman College of Chiropractic  
Luis Vera, DC\*, FIACN, DIBCN, FIBE - Palmer College of Chiropractic - Florida  
Jeana Voorhies, DC\* - Northeast College of Health Science

**State board representatives included:**

Shannon Gaertner-Ewing, DC\*, Mark Rich, DC\*, Paul Abosh, DC\*,  
Andrew Riddle, DC\*, Brad Fackrell, DC, Darcy Wyatt, DC\*, Ridge Pidde, DC

### NBCE Part III and Physiotherapy Test Committees

**Distinguished academic representatives included:**

Hiwot Melka, DC, PSP, CCSP - Southern California University of Health Sciences  
Mayda Serrano, DC - University of Central Caribbean  
Suzanne Lady, DC, LMT - University of Western States  
Michelle Jourdan, DC, DABCI - National University of Health Sciences  
Tim Gooding, DC - Life University  
Gregory Priest, DC, DABCO - Keiser University  
Scott Oswald, DC - Northwestern Health Sciences University  
Ranier Pavlicek, DC, DACRB - Palmer College of Chiropractic  
Steven Reece, DC - Cleveland University  
Jessica Russell, MS, DAT - Logan University

**State board representatives included:**

Shannon Johnson, DC (Kentucky), Mickey Frame, DC (Ohio), Chandra, Sasseville, DC (Maine), Kevin Donovan, DC (Rhode Island), Amanda Miller-Housh, DC (Oklahoma), Rachel Klein, ND, DC (Hawaii), Michael Roberts, DC (Florida), Matt Youngblood, DC (Alabama)

### NBCE Special Purposes Examination for Chiropractic and Acupuncture Test Development Committee and Standard Setting Workshop

**Distinguished academic representatives included:**

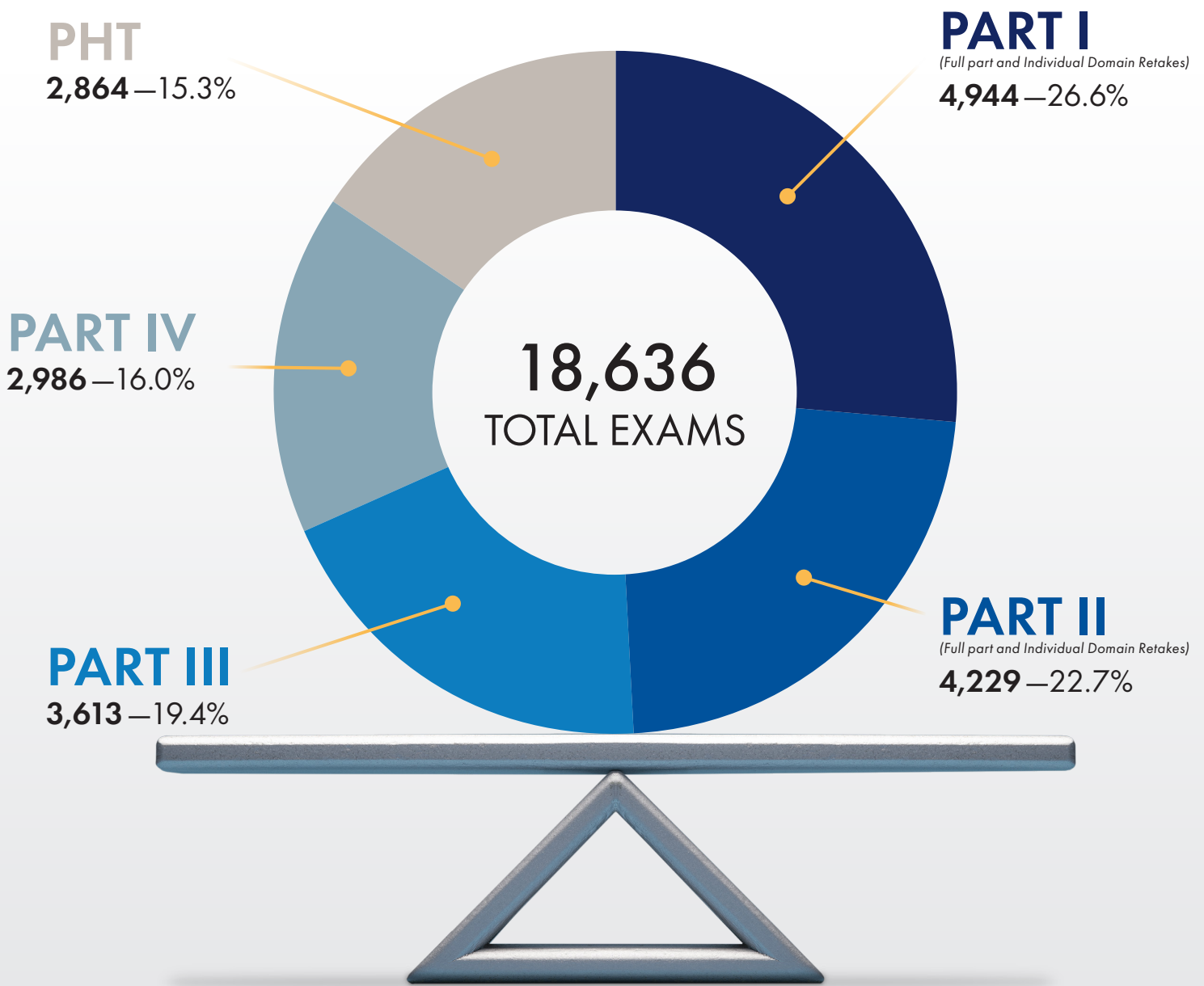
Charles (Kevin) Donovan, DC - District III - Rhode Island  
Steven Gould, DC, DACBR - District IV - Kansas  
Nicole Harmel-Canada, DC - District IV - Nevada  
Heather Henrichs, DC - District I - Nebraska  
Richard Ottomeyer, DC - District II - Minnesota  
Michael Simone, DC - District IV - Colorado  
Mark Thayer, DC - District V - South Carolina

**Acupuncture Participants Included:**

Edward (Brian) Ashton, DC - District III - Maryland  
Jason Drake, DC - District IV - Oklahoma  
Robert (Blake) Graham, DC, ICSC, DACBSP - Parker University  
Kay O'Hara, DC - District III - Maryland  
Stephen Thompson, DC, DACM, LAc, BCTMB - Northwestern Health Sciences University  
John (Matt) Youngblood, DC - District V - Alabama

# 2022 Exam Delivery

Thank you to the dedicated Doctor of Chiropractic programs that opened their facilities to the NBCE's test administrations.



*Does not include exams delivered with test accommodations or canceled exams.*

# 2022 Test Site Location Map



## 2022 Parts I, II, III, & PHT Test Sites

Cleveland College of Chiropractic—Kansas  
 Keiser University—Florida  
 Life Chiropractic College West—California  
 Life University of Chiropractic—Georgia  
 Logan University College of Chiropractic—Missouri  
 Northeast College of Health Sciences—New York  
 Northwestern Health Sciences University—Minnesota  
 Palmer College of Chiropractic (Main Campus)—Iowa  
 Palmer College of Chiropractic—Florida  
 Palmer College of Chiropractic (West)—California  
 Parker University—Texas  
 Sherman College of Chiropractic—South Carolina  
 Texas Chiropractic College—Texas  
 Universidad Central el Caribe School of Chiropractic—Puerto Rico

## 2022 Part IV Test Sites

Cleveland College of Chiropractic—Kansas  
 Life Chiropractic College West—California  
 Life University of Chiropractic—Georgia  
 Logan University College of Chiropractic—Missouri  
 Northeast College of Health Sciences—New York  
 Northwestern Health Sciences University—Minnesota  
 Palmer College of Chiropractic (Main Campus)—Iowa  
 Palmer College of Chiropractic—Florida  
 Parker University—Texas  
 Southern California University of Health Sciences—California  
 University of Western States—Oregon

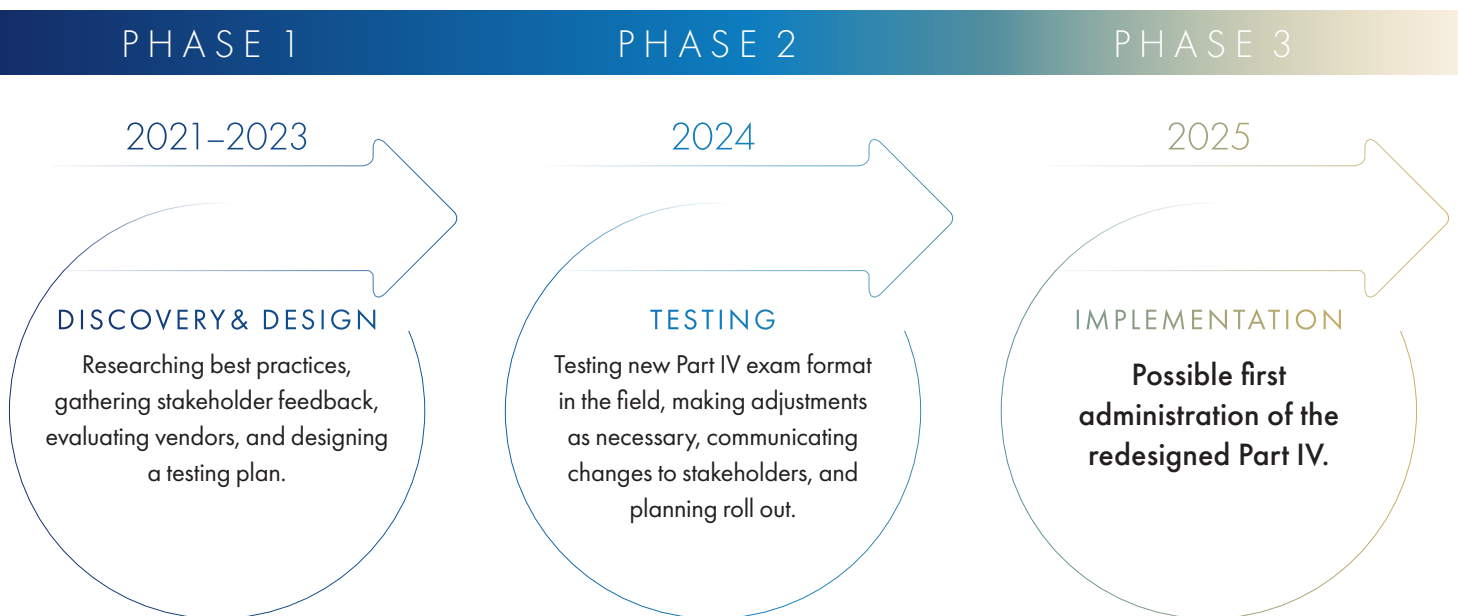
*In addition to the test sites available on chiropractic college campuses, the entire Prometric network of testing centers is available across the United States and in select international locations.*

# Project Updates

In response to stakeholders' feedback, the NBCE has been evaluating opportunities for cost-savings measures in the development and administration of its exams along with expanding opportunities for examinees to test. All potential improvements are analyzed to determine if they maintain or enhance the fairness, validity, or integrity of the NBCE exams.

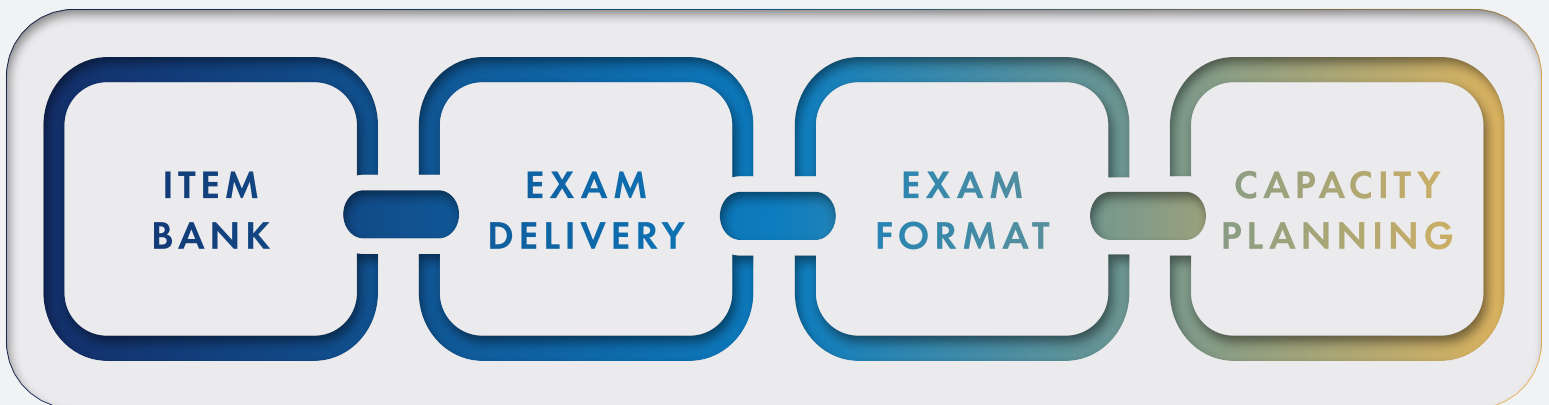
## Part IV Advancement and Development (PAD) project

The PAD project was launched in 2021 with the purpose of identifying trends in practical testing that will reduce costs while maintaining or elevating the validity and standardization of the exam. After a year of external research and engagement with chiropractic colleges, the project team spent 2022 evaluating the feasibility of potential enhancements and technology vendors to support the updated Part IV exam.



## CBT Upgrade Project

The NBCE has been successful in delivering Parts I, II, III, and Physiotherapy as computer-based tests (CBT) since 2019. Examinees have shown overwhelming support of the CBT format but have expressed frustration with the limited testing windows and availability of testing appointments. In 2022, the NBCE began working to address these concerns by possibly increasing the number of testing opportunities for the Part I, II, III, or Physiotherapy exams without raising exam fees. The NBCE must find a more cost-effective method for producing and delivering forms to accomplish these solutions. This involves reconfiguring multiple systems within the NBCE.



**THE ITEM BANK**, which is software used to store exam items and build test forms, must integrate with our **EXAM DELIVERY** technology. The capabilities of the delivery technology, along with the item bank, dictate the **EXAM FORMAT** we can utilize. Exam formats can be fixed forms or bank-based such as Computer Adaptive Testing (CAT) or Linear-On-the-Fly Testing (LOFT). The exam format is also influenced by the quantity and quality of items in the item bank. Once the NBCE determines the optimal exam format, it can start **CAPACITY PLANNING** which is the process by which the NBCE makes available testing appointments at locations and times that are convenient to the test taker, and maximizes operational efficiencies.

# Reserve Fund Policy

In 2021 the NBCE had a significant gain in net assets that caused our stakeholders to question the NBCE's financial reserve. **Why do we have so much money? Why do we keep adding money to the reserve?** The Board of Directors took action regarding these questions and in 2022, updated the NBCE's Designated Reserve Policy to specifically define the purpose and use of the reserve account.

The purpose of the reserve is to build and maintain an adequate level of financial reserves to support day-to-day operations of the NBCE in the event of adverse financial

events; to fund one-time, nonrecurring expenses with the intention of strengthening strategic or operational objectives; or to make investments into research, development, innovation, or organizational growth.

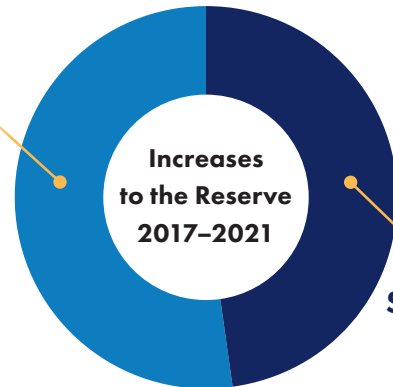
In the past, 100 percent of net investment income and a percentage of operating income was used to build the reserve. The updated policy utilizes risk modeling, projections, and good faith estimates to determine how much money is allocated to the reserve.

## Building Our Reserve - HOW?

- **100% of Net Investment Income**
- **Net Operating Income**
  - **2019 and Prior** - 8% of operating income
  - **2020 and 2021** - 50% of net operating income above \$250,000
  - **2022 and Forward** - Amount determined by risk-based analysis

**\$5.6 Million**

52% from  
Investment Funds



**\$5.2 Million**

48% from  
Operating Funds

## What is the reserve used for? The reserve is comprised of four funds, some of which include sub-funds:

**Sustaining Fund:** Protects against disruption to the NBCE's business continuity and operating capital requirements.

- **Uninsurable Loss and Litigation Costs**—protects the NBCE in the event of an uninsurable loss or litigation.
- **Exam Fee Revenue Impairment**—offsets a loss of revenue from exam activities.
- **Rental Property Operating Loss**—offsets an operating loss on rental property.

**Infrastructure Fund:** Funds the repair, replacement, or expansion of critical infrastructure.

- **Technology and Digital**—funds the repair, replacement, or expansion of critical technology infrastructure.
- **Facility Needs**—funds the repair, replacement, or expansion of critical facility infrastructure.

**Innovation Fund:** Funds initiatives requiring significant development or start-up costs.

**Financial Assistance Fund:** Provides financial support to organizations in furtherance of the NBCE's stated purpose and in accordance with the NBCE's Financial Assistance Guidelines.

Despite being a 501(C)6 non-profit organization, the NBCE must demonstrate profitability to be sustainable. Although making a profit is not our objective, it is essential to the continuity and overall health of the organization. With this updated reserve policy, the intention is to bring greater transparency to the financial policies that govern the NBCE.



# Making a Difference

As outlined in the National Board of Chiropractic Examiners Designated Reserve Policy, the NBCE has set aside funds to provide financial support to organizations and projects that further the NBCE's stated purpose.

## NBCE 2022 Scholarship WINNERS

Annually, the NBCE awards **\$10,000 divided among four students**. Each recipient is awarded a \$2,500 scholarship for creating an outstanding chiropractic-themed essay.

### Kaitlyn Boykin

PALMER COLLEGE OF CHIROPRACTIC, FLORIDA  
*Chiropractic Benefits for Infants: Age 0-6 Months*

### Emmanuel Kambourglos

NORTHEAST COLLEGE OF CHIROPRACTIC  
*Closing the Gap Between Research and Practice: Education of Psychologically Informed Practice for Treatment of Chronic Low Back Pain*

### Chrissy Landreth

PALMER COLLEGE OF CHIROPRACTIC, WEST  
*Collaborative Chiropractic: A Vital Evolution in Healthcare*

### Emma Rolf

CLEVELAND UNIVERSITY - KANSAS CITY  
*The Emerging Field of Epigenetics Gives Credence to the Chiropractic Profession*

[mynbce.org/scholarship/](https://mynbce.org/scholarship/)

**"The NBCE is proud to honor academic excellence through this contest and congratulates these future chiropractors on their award-winning essays."**

Dr. Norman Ouzts—NBCE Chief Executive Officer

## Support for Chiropractic Colleges

Research Grants - Association of Chiropractic Colleges  
Research Agenda Conference - **\$11,000**

Grant for Association of Chiropractic Colleges - **\$200,000**

## Chiropractic Student Associations

Student American Black Chiropractic Association - **\$1,000**

International Chiropractic Association, Student  
Leadership Program - **\$4,500**

SACA Leadership Conference Sponsorship - **\$5,000**

## World Federation of Chiropractic

Platinum Sponsor - **\$10,000**

## Investment in Chiropractic Profession

### Federation of Chiropractic Licensing Boards

Annual Support - **\$772,596**

State Board Administrator and Attorney Meeting  
Scholarship - **\$66,500**

### ChiroCongress

Future Forum National Strategic Plan Fund - **\$25,000**

### Women Chiropractors

WDC Connect Events (nine total at \$1000 each) - **\$9,000**

BrightHill Inc. Platinum Scholarship of Research and  
Science Society - **\$10,000**

**\$1,124,596 Donated in 2022**

TOTAL GIVEN OVER THE LAST 10 YEARS 2013-2022

**\$8,500,309**

The National Board  
of Chiropractic Examiners  
and Subsidiary

# Consolidated Financial Statements and Supplementary Information

December 31, 2022 and 2021

**Brock and Company CPAS PC**

3711 JFK Parkway, Suite 315

Fort Collins, Colorado 80525

970.223.7855 | 303.530.9343 | 970.223.3926 Fax

[brockcpas.com](http://brockcpas.com)

**National Board of  
Chiropractic Examiners  
and Subsidiary**

**Consolidated Financial Statements  
and Supplementary Information**

December 31, 2022 and 2021

# 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

### **Opinion**

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, 2022 and 2021, and the related consolidated statements of activities and net assets, functional expenses, and cash flows for the years then ended, and related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of National Board of Chiropractic Examiners and Subsidiary as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Board of Chiropractic Examiners and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Board of Chiropractic Examiners and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

## **Independent Auditor's Report (continued)**

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 National Board of Chiropractic Examiners and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Board of Chiropractic Examiners and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

### **Supplementary Information**

Our audits of the consolidated financial statements were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented on page 25 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.

*Brook and Company, CPAs, P.C.*

Certified Public Accountants

Fort Collins, Colorado  
March 21, 2023

# National Board of Chiropractic Examiners and Subsidiary

## Consolidated Statements of Financial Position

December 31	2022	2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 7,369,708	\$ 8,729,774
Accounts receivable	2,171	2,999
Accrued interest receivable	1,104	1,076
Prepaid expenses and other current assets	356,552	298,623
Total current assets	<u>7,729,535</u>	<u>9,032,472</u>
<b>Property and Equipment, at cost</b>		
Land and improvements	2,023,743	2,007,778
Buildings and improvements	6,429,547	6,301,547
Office furniture and equipment	1,513,758	1,537,023
Vehicles	72,625	72,625
Right-of-use finance lease assets	9,620	-
Artwork and decorations	81,280	81,280
	<u>10,130,573</u>	<u>10,000,253</u>
Less accumulated depreciation	<u>(5,050,069)</u>	<u>(4,789,945)</u>
Net property and equipment	<u>5,080,504</u>	<u>5,210,308</u>
<b>Other Long-Term Assets</b>		
Software, net of accumulated amortization, of \$759,578 and \$669,416 respectively	76,667	143,922
Certificates of deposit	247,872	241,771
Right-of-use operating lease asset	17,888	-
Board designated assets		
Cash and cash equivalents	735,265	1,441,382
Investments	29,482,886	27,272,286
Accrued interest receivable	36,448	80,797
Investment in 5401 building, net	1,443,071	1,527,787
Total Board designated assets	<u>31,697,670</u>	<u>30,322,252</u>
Total other long-term assets	<u>32,040,097</u>	<u>30,707,945</u>
Total assets	<u>\$ 44,850,136</u>	<u>\$ 44,950,725</u>

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

Page 4



	2022	2021
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 126,287	\$ 117,847
Current maturities of finance lease liability	3,404	-
Current maturities of operating lease liability	12,181	-
Accrued wages payable	63,566	65,682
Accrued compensated absences	170,177	178,193
Accrued property taxes payable	213,455	214,855
Accrued other liabilities	1,761	1,638
Deferred revenue	3,212,943	3,231,653
Total current liabilities	<u>3,803,774</u>	<u>3,809,868</u>
<b>Long-Term Liabilities</b>		
Finance lease liability, net of current maturities	3,754	-
Operating lease liability, net of current maturities	5,058	-
Security deposits	2,000	2,000
Total long-term liabilities	<u>10,812</u>	<u>2,000</u>
Total liabilities	<u>3,814,586</u>	<u>3,811,868</u>
<b>Net Assets</b>		
Net assets without donor restrictions		
Board designated	31,697,670	30,322,252
Net investment in property and equipment	5,080,504	5,210,308
Undesignated	4,257,376	5,606,297
Total net assets	<u>41,035,550</u>	<u>41,138,857</u>
Total liabilities and net assets	<u>\$ 44,850,136</u>	<u>\$ 44,950,725</u>

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	2022	2021
<b>Revenues and Gains</b>		
Revenues		
Examination fees	\$ 15,229,545	\$ 15,507,400
Other services	230,328	158,410
Total revenues	15,459,873	15,665,810
CARES Act Employee Retention Credits	-	819,298
Total revenues and gains	15,459,873	16,485,108
<b>Expenses and Losses</b>		
Operating expenses		
Program services	10,429,867	10,098,506
Management and general	3,234,766	2,612,781
Total operating expenses	13,664,633	12,711,287
Loss on disposal of assets	-	35,659
Total expenses and losses	13,664,633	12,746,946
<b>Change in Net Assets Before Investment Income</b>	<b>1,795,240</b>	<b>3,738,162</b>
<b>Investment Income</b>		
Interest income	1,146,120	846,881
Net realized and unrealized gains (losses) on investments	(2,979,643)	674,750
Investment expenses	(63,851)	(56,282)
Net loss on rental activities of 5401 Building	(1,173)	(24,999)
Net investment income	(1,898,547)	1,440,350
<b>Change in Net Assets</b>	<b>(103,307)</b>	<b>5,178,512</b>
<b>Net Assets, Beginning of Year</b>	<b>41,138,857</b>	<b>35,960,345</b>
<b>Net Assets, End of Year</b>	<b>\$ 41,035,550</b>	<b>\$ 41,138,857</b>

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

2022

	Program Services	Management and General	Total
<b>Compensation and employee benefits</b>			
Salaries and wages	\$ 2,609,115	\$ 1,014,656	\$ 3,623,771
Employee benefits	499,126	194,104	693,230
Payroll taxes and workers' compensation	188,790	73,418	262,208
Retirement benefits	151,797	59,032	210,829
	<u>3,448,828</u>	<u>1,341,210</u>	<u>4,790,038</u>
<b>Exam programming expenses</b>			
Administration	3,744,154	-	3,744,154
Preparation	324,143	-	324,143
Training	84,107	-	84,107
Printing	24,757	-	24,757
Development	150,151	-	150,151
Practice analysis	8,580	-	8,580
EBAS expenses	133,260	-	133,260
	<u>4,469,152</u>	<u>-</u>	<u>4,469,152</u>
<b>Support to other organizations</b>			
FCLB financial assistance	807,787	-	807,787
Assistance to other organizations	266,500	-	266,500
	<u>1,074,287</u>	<u>-</u>	<u>1,074,287</u>
<b>Occupancy and office expenses</b>			
Utilities and building maintenance	377,510	146,809	524,319
Office equipment and supplies	275,288	107,057	382,345
Property taxes	129,273	50,271	179,544
Telephone	21,854	8,499	30,353
	<u>803,925</u>	<u>312,636</u>	<u>1,116,561</u>
<b>Meetings</b>			
Meetings, board of directors	-	641,329	641,329
Meeting functions	16,719	102,702	119,421
Meetings, professional development	67,282	20,440	87,722
	<u>84,001</u>	<u>764,471</u>	<u>848,472</u>
<b>Other</b>			
Depreciation and amortization	312,965	84,275	397,240
Miscellaneous	-	296,458	296,458
Insurance	92,508	35,976	128,484
Professional services	121,616	216,206	337,822
Public relations	-	170,086	170,086
Auto expenses	16,799	11,199	27,998
Postage and shipping	5,786	2,249	8,035
	<u>549,674</u>	<u>816,449</u>	<u>1,366,123</u>
<b>Total operating expenses</b>	<u>\$ 10,429,867</u>	<u>\$ 3,234,766</u>	<u>\$ 13,664,633</u>

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

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2021

Program Services	Management and General	Total
\$ 2,382,615	\$ 926,573	\$ 3,309,188
455,314	177,066	632,380
186,476	72,518	258,994
132,071	51,362	183,433
<u>3,156,476</u>	<u>1,227,519</u>	<u>4,383,995</u>
4,093,149	-	4,093,149
189,095	-	189,095
75,754	-	75,754
33,769	-	33,769
146,475	-	146,475
1,170	-	1,170
103,114	-	103,114
<u>4,642,526</u>	<u>-</u>	<u>4,642,526</u>
665,366	-	665,366
386,000	-	386,000
<u>1,051,366</u>	<u>-</u>	<u>1,051,366</u>
301,640	117,305	418,945
237,834	93,775	331,609
130,593	50,786	181,379
10,845	4,217	15,062
<u>680,912</u>	<u>266,083</u>	<u>946,995</u>
-	414,651	414,651
-	98,347	98,347
2,866	17,605	20,471
<u>2,866</u>	<u>530,603</u>	<u>533,469</u>
431,554	94,731	526,285
-	267,362	267,362
79,391	30,874	110,265
8,296	67,118	75,414
14,304	115,733	130,037
19,526	8,368	27,894
11,289	4,390	15,679
<u>564,360</u>	<u>588,576</u>	<u>1,152,936</u>
<u>\$ 10,098,506</u>	<u>\$ 2,612,781</u>	<u>\$ 12,711,287</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	2022	2021
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (103,307)	\$ 5,178,512
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	468,476	619,379
Amortization of lease incentive allowances	19,051	-
Amortization of right of use assets, operating	16,846	-
Loss on disposal of assets	-	35,659
Reinvested interest and dividends	(622,051)	(390,302)
Net realized and unrealized investment gains	2,979,643	(674,750)
Increase (decrease) in assets and liabilities		
Accounts receivable and accrued interest	800	940
Prepaid expenses and other assets	(57,929)	(97,322)
Accounts payable	8,440	77,780
Accrued expenses	(11,409)	8,434
Deferred revenue	(18,710)	(468,612)
Operating lease obligation	(17,495)	-
Net cash provided by operating activities	<u>2,662,355</u>	<u>4,289,718</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of investments, board designated	(34,086,417)	(8,010,103)
Proceeds from the sale of investments, board designated	29,556,473	4,782,545
Purchases of property and equipment	(152,516)	(276,735)
Payments for capitalized software	(39,547)	(56,920)
Payments on lease incentive allowances	-	(135,441)
Net cash used by investing activities	<u>(4,722,007)</u>	<u>(3,696,654)</u>
<b>Cash Flows From Financing Activities</b>		
Payments on finance lease liability	(6,531)	-
Net cash used by financing activities	<u>(6,531)</u>	<u>-</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(2,066,183)</b>	<b>593,064</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>10,171,156</b>	<b>9,578,092</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 8,104,973</u></b>	<b><u>\$ 10,171,156</u></b>

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, 2022 and 2021

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### 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.

*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.

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### Note 1 – Summary of Significant Accounting Policies (continued)

*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, 2022 and 2021.

*Change in Accounting Principle.* On January 1, 2022, the Organization adopted FASB ASU No. 2016-02, *Leases* (Topic 842), which provides guidance on the accounting for leases that superseded previous guidance. Topic 842 requires lessees to recognize leases on the statement of financial position for all leases, including operating leases which were not previously recorded as assets and liabilities, and to disclose key information about leasing arrangements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability for all leases with a term longer than 12 months. Leases are now classified as finance, formerly capital, or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities. The Organization adopted ASU 2016-02 under the modified retrospective approach, applying the amendments only to prospective reporting periods. In performing its analysis, the Organization reflected the aggregate effect of all modifications when identifying the lease obligations and ROU assets. The change in accounting method would not have had a material effect on the net assets and the consolidated statement of activities as of December 31, 2021, and for the year then ended.

*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 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 \$353,895 in 2022 and \$395,514 in 2021.



# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### Note 1 – Summary of Significant Accounting Policies (continued)

*Leases and Right-of-Use Assets.* Commencing January 1, 2022, the Organization recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a right-of-use (ROU) asset and lease liability at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate.

The Organization records lease liability obligations using a discount rate implicit in the lease, if readily determinable, or otherwise, using the Organization's incremental borrowing rate, representing the rate of interest it would pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and economic environment. The Organization may also elect to use a risk-free interest rate, as practical expedient, to discount certain lease asset class obligations. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus or minus any prepaid or accrued lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Right-of-use assets under financing leases are recorded in property and equipment, while right-of-use assets under operating leases are recorded in other assets in the accompanying statement of financial position. The Organization has elected to exclude leases of 12 months or less from right-of-use asset recognition. Amortization of right-of-use assets for finance leases is included in depreciation expense, and amortization of right-of-use assets for operating leases is included in rent expense.

*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.

*Capitalized Software.* The Organization 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 \$106,802 in 2022 and \$221,468 in 2021.

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### Note 1 – Summary of Significant Accounting Policies (continued)

*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, 2022 and 2021.

*Board Designated Assets.* The purpose for the Board designated assets is to build and maintain an adequate level of financial reserves to support the Organization's day-to-day operations in the event of adverse financial events. The Board designated assets may also be used for one-time, nonrecurring expenses with the intention of strengthening strategic or operational objectives or allowing the Organization to make investments, such as research and development, innovation, and/or corporate growth. 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 minimum Board designated asset amount (excluding real property assets) of \$30,625,000. This amount is based on a risk-based analysis and is reevaluated by the Board every other year.

*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.

*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.

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### Note 1 – Summary of Significant Accounting Policies (continued)

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 2019 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 21, 2023, 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, 2022 and 2021

### 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>2022</u>	<u>2021</u>
Financial assets, end of year	<b>\$ 37,875,454</b>	\$ 37,770,085
Less certificates of deposits with long-term maturities	<b>(247,872)</b>	(241,771)
Less assets designated by the Board under the designated reserve investment policy	<b><u>(30,254,599)</u></b>	<u>(28,794,465)</u>
Financial assets available to meet cash requirements for general expenditures within one year	<b><u>\$ 7,372,983</u></b>	<b><u>\$ 8,733,849</u></b>

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 to protect against disruption to the Organization's business continuity and operating capital requirements; to fund the repair, replacement, or expansion of critical infrastructure; to fund initiatives requiring significant development or start-up costs; and, to provide financial support to organizations and projects that further NBCE's stated purpose. 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, 2022 and 2021 that sum to the total of the same such amounts shown in the statement of cash flows for the years then ended.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	<b>\$ 7,369,708</b>	\$ 8,729,774
Cash and cash equivalents, Board designated	<b>735,265</b>	1,441,382
	<b><u>\$ 8,104,973</u></b>	<b><u>\$ 10,171,156</u></b>

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 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, 2022:

	<u>Cost</u>	<u>Fair Value</u>
Long-term investments		
Fixed income		
Domestic notes and bonds	\$ 11,149,782	\$ 10,840,728
US Treasury notes	3,134,090	3,001,316
Municipal bonds	475,030	460,727
Equity funds		
Domestic all cap	2,394,630	2,886,204
International	1,602,968	1,722,552
Emerging markets	613,697	590,466
Floating rate corporate loans	2,011,810	1,967,426
Real estate funds	897,522	960,419
Liquid low correlated hedge	5,270,718	4,906,942
Energy limited partnership	1,784,591	2,146,106
Certificates of deposit	247,872	247,872
	<u>\$ 29,582,710</u>	<u>\$ 29,730,758</u>

The following details each major category of investments, and the related cost and fair value as of December 31, 2021:

	<u>Cost</u>	<u>Fair Value</u>
Long-term investments		
Fixed income		
Domestic notes and bonds	\$ 9,689,760	\$ 9,556,650
US Treasury notes	4,877,488	4,929,266
Municipal bonds	475,030	472,940
Equity funds		
Domestic all cap	1,695,083	2,787,425
International	1,207,088	1,682,019
Emerging markets	401,844	518,094
Floating rate corporate loans	1,375,565	1,429,121
Real estate funds	1,412,536	1,586,282
Liquid low correlated hedge	2,762,564	2,812,154
Energy limited partnership	1,264,531	1,498,335
Certificates of deposit	241,771	241,771
	<u>\$ 25,403,260</u>	<u>\$ 27,514,057</u>

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### 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, 2022 and 2021.

*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, 2022 and 2021, 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, 2022 and 2021

### 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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Fixed income notes and bonds	\$ -	\$ 14,302,771	\$ 14,302,771
Equity funds	15,180,115	-	15,180,115
Certificates of deposit	-	247,872	247,872
	<u>\$ 15,180,115</u>	<u>\$ 14,550,643</u>	<u>\$ 29,730,758</u>

Investments measured at fair value on a recurring basis have been categorized into the hierarchy as follows at December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Fixed income notes and bonds	\$ -	\$ 14,958,856	\$ 14,958,856
Equity funds	12,313,430	-	12,313,430
Certificates of deposit	-	241,771	241,771
	<u>\$ 12,313,430</u>	<u>\$ 15,200,627</u>	<u>\$ 27,514,057</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:

	<u>2022</u>	<u>2021</u>
Land	\$ 230,000	\$ 230,000
Building	1,884,331	1,884,331
Building improvements	394,204	394,204
Lease incentives and direct initial costs, net	110,284	133,044
	<u>2,618,819</u>	<u>2,641,579</u>
Less accumulated depreciation	<u>(1,175,748)</u>	<u>(1,113,792)</u>
Net 5401 Building	<u>\$ 1,443,071</u>	<u>\$ 1,527,787</u>

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 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 \$65,665 in 2022 and \$64,871 in 2021. 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:

	<u>2022</u>	<u>2021</u>
Rental revenues	\$ 127,824	\$ 106,447
Less operating expenses	(128,997)	(131,446)
Net loss on rental activities of 5401 Building	<u>\$ (1,173)</u>	<u>\$ (24,999)</u>

Future minimum rental receipts under current leases are as follows as of December 31, 2022:

<u>Year</u>	<u>Amount</u>
2023	\$ 119,833
2024	91,497
2025	68,011
2026	70,051
2027	72,153
2028	6,027
	<u>\$ 427,572</u>

### Note 7 – Contract Liabilities

Deferred revenue (contract liability) consists of amounts received in advance for examination fees. Beginning balances were \$3,231,653 and \$3,700,265 at January 1, 2022 and 2021, respectively. Ending balances were \$3,212,943 and \$3,231,653 at December 31, 2022 and 2021, 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, 2022 and 2021, the Organization has recorded a liability of \$170,177 and \$178,193, 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, 2022 and 2021

### Note 9 – Leasing Activities and Change in Accounting Principle

The Organization adopted ASC 842 on January 1, 2022 using the modified retrospective approach and recorded increases to opening right-of-use lease assets and operating lease liabilities of \$48,423. The adoption did not change net assets. The Organization elected certain practical expedients allowed under ASC 842 and, accordingly, did not reassess whether any expired or existing contracts are or include leases, or the lease classification of any expired or existing leases, and initial direct costs for any existing leases.

The cumulative effects of the changes made to the consolidated statement of financial position for the adoption of ASC 842 were as follows as of January 1, 2022:

	Balance at December 31, 2021	ASC 842 Adjustments	Balance at January 1, 2022
<b>Assets</b>			
Right-of-use finance lease lease assets	\$ -	\$ 13,689	\$ 13,689
Right-of-use operating lease assets	\$ -	\$ 34,734	\$ 34,734
<b>Liabilities</b>			
Finance lease liability	\$ -	\$ 13,689	\$ 13,689
Operating lease liability	\$ -	\$ 34,734	\$ 34,734
Net assets	\$ -	\$ -	\$ -

*Finance Leases.* The Organization leases office equipment under a noncancelable finance lease obligation with a term of three years. Right-of-use lease asset for equipment under the finance lease had capitalized costs of \$13,689 and accumulated amortization of \$4,069 at December 31, 2022. The finance lease liability was \$7,158 at December 31, 2022.

*Operating Leases.* The Organization has entered into noncancellable operating leases for office equipment and a vehicle with terms of three and five years.

Lease expense consists of the following for the year ended December 31, 2022:

	Amount
Finance lease expense	
Amortization of right-of-use assets	\$ 4,070
Interest on lease liability	143
	<u>4,213</u>
Operating lease expense	17,026
	<u>\$ 21,239</u>

Rent expense under the operating leases, prior to the implementation of ASC 842, totaled \$41,371 for the year ended December 31, 2021.

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### Note 9 – Leasing Activities and Change in Accounting Principle (continued)

Supplemental cash flow information for the year ended December 31, 2022:

	<u>Amount</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	\$ 143
Financing cash flows from finance leases	\$ 6,531
Operating cash flow from operating leases	\$ 17,673
Right-of-use assets obtained in exchange for new lease liabilities:	
Financing leases	\$ 13,689
Operating leases	\$ 34,734

The weighted average of the remaining lease terms and discount rates are as follows at December 31, 2022:

Remaining lease term, finance leases	2.17 years
Remaining lease term, operating lease	1.46 years
Discount rate, finance leases	1.73%
Discount rate, operating lease	0.76%

The Organization has elected to use the risk-free interest rate, as practical expedient, at the leases inception for all finance and operating leases.

Scheduled maturities of lease liabilities are as follows at December 31, 2022:

<u>Year</u>	<u>Finance Leases</u>	<u>Operating Leases</u>
2023	\$ 3,501	\$ 12,266
2024	3,501	4,692
2025	291	392
Total undiscounted cash flows	7,293	17,350
Less: present value discount	(135)	(111)
Total lease liability	<u>\$ 7,158</u>	<u>\$ 17,239</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 \$210,829 in 2022 and \$183,433 in 2021.

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### Note 11 – EBAS Expenses

During the year ended December 31, 2022 and 2021, EBAS incurred direct expenses of \$130,546 and \$103,114, respectively, and indirectly benefitted from \$283,206 and \$244,957, respectively, of expenses incurred by NBCE. Software amortization expense of \$5,571 and \$28,223 for the years ended December 31, 2022 and 2021, respectively, are included in direct expenses. At December 31, 2022 and 2021, EBAS had cash of \$187,489 and \$102,955 and owed \$2,956,408 and \$2,633,569 to NBCE, respectively.

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

*Federation of Chiropractic Licensing Boards.* The Organization has a twenty five 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 fourteenth year in 2022. 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:

	<u>2022</u>	<u>2021</u>
Payments sent to FCLB related to annual support agreement	\$ 772,596	\$ 631,866
Office space and utilities in-kind	35,191	33,500
Total support provided to FCLB	<u>\$ 807,787</u>	<u>\$ 665,366</u>

### 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, 2022 and 2021

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### Note 14 – Risk and Uncertainties

During 2020, a health care pandemic occurred in the United States and internationally. The federal government 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 \$819,298 for the year ended December 31, 2021 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	2022	2021
<b>Examination Fees</b>		
Part IV	\$ 4,758,170	\$ 4,664,705
Part III	2,681,595	2,800,420
Part I	2,650,080	2,751,355
Part II	2,270,355	2,418,715
Physiotherapy	1,347,500	1,405,850
Part I and II subject retakes	921,585	998,970
EBAS	165,000	105,900
Acupuncture	151,500	102,750
State specialty	142,455	142,030
Special Purposes Examination for Chiropractic (SPEC)	132,000	106,500
Certified Chiropractic Clinical Assistant (CCCA)	9,500	10,200
Specialty council	550	1,800
Refunds	(745)	(1,795)
	<u>15,229,545</u>	<u>15,507,400</u>
<b>Other Services</b>		
Miscellaneous	78,283	30,400
Transcripts	72,965	76,495
Online sample test	31,110	30,770
Cancellation fees	27,975	12,825
Part IV appeal	9,000	1,200
Chiropractic College Aptitude Test (CCAT) fees	6,345	495
Certificates and plaques	4,650	6,225
	<u>230,328</u>	<u>158,410</u>
Total revenues	<u>\$ 15,459,873</u>	<u>\$ 15,665,810</u>

**NBCE 2022 Annual Report**

901 54th Avenue | Creeley, CO 80634 | Tel. 1-800-964-6223

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