



NATIONAL BOARD OF CHIROPRACTIC EXAMINERS

CELEBRATING OUR LEGACY, CREATING OUR FUTURE

2023  
ANNUAL REPORT



Years of Excellence  
**NBCE**

**2023**

**ANNUAL REPORT**

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# Celebrating Our Legacy, Creating Our Future

## DEAR ESTEEMED STAKEHOLDERS

As we reflect on the journey of the National Board of Chiropractic Examiners' (NBCE), reaching its 60th anniversary milestone in 2023, we stand not only in celebration of our past achievements but also in anticipation of what our future holds. This pivotal year marked a point of decisive change where we embarked on a collaborative strategic planning process aimed at shaping the direction of the NBCE for the next phase of our journey.

Led by our esteemed Board of Directors and staff Leadership Team, this six-month endeavor was driven by the invaluable input of stakeholders like you, representing the diverse needs of the chiropractic community. Through online surveys, focus-group sessions, and one-on-one interviews, we gathered insights that laid the foundation for our strategic priorities and goals.

The resulting strategic plan, built upon the pillars of Communication, Operations, Governance, and Team, reflects our unwavering commitment to responsive leadership, collaboration, and readiness for the future of chiropractic regulation. It serves not only as a roadmap for our organization but also as a reaffirmation of our vision, mission, purpose, and values that will guide us through the next 60 years of excellence in testing.

We extend our heartfelt gratitude to the members of each stakeholder group who generously contributed their time and insight, underscoring our shared commitment to ensuring professional competency and public safety through excellence in testing. Your dedication fuels our purpose to strengthen public confidence in the chiropractic profession and its vital contribution to lifelong well-being.

Parallel with our strategic planning efforts, 2023 witnessed remarkable achievements that further demonstrated our drive toward excellence and forward-thinking innovation. In partnership with the World Federation of Chiropractic, the International Board of Chiropractic Examiners (IBCE) spearheaded the development of an international exam of chiropractic competency. This groundbreaking initiative, currently in its final stages, holds the promise of setting a

global benchmark for excellence in chiropractic practice, transcending geographical boundaries and safeguarding patients worldwide.

Moreover, our Advancement & Development Project gained significant momentum, propelled by a tireless pursuit of innovation and stakeholder engagement. We ensured that the voices of our academic partners, state boards, and the chiropractic community were heard by implementing targeted communication campaigns and comprehensive feedback mechanisms. These efforts drove the project toward greater inclusivity and effectiveness.

Innovation remained at the forefront of our endeavors, exemplified by the introduction of the Chiropractic Education Readiness Assessment (CERA). This tool, developed in collaboration with chiropractic colleges, underscores our commitment to supporting student success and advancing the future of chiropractic education and practice.

As we look ahead to 2024, fueled by the momentum of our achievements and the strength of our partnerships, we remain steadfast in our dedication to excellence, integrity, fairness, transparency, and accountability. Together, we will continue to shape the future of chiropractic, empowering practitioners, supporting students, and advancing the profession worldwide.

Thank you for your unwavering support and commitment to the NBCE. With your partnership, we are poised to embark on the next chapter of our journey, guided by our shared vision of a future where doctors of chiropractic are universally regarded as highly-qualified, competent professionals.

On behalf of the entire board and staff, the NBCE proudly presents the 2023 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.



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

*Karlos Boghosian D.C.*



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

*Norman E. Ouzts D.C.*

# NBCE Board of Directors

(FROM L TO R) Carol Winkler, D.C., NBCE At-Large Director; Margaret Freihaut, D.C., NBCE Treasurer and At-Large Director; LeRoy F. Otto, D.C., NBCE Secretary and District II Director; Steven C. Roberts, J.D., NBCE At-Large Director; Jason Jaeger, D.C., NBCE Vice President and District IV Director; Norman Ouzts, D.C., NBCE Chief Executive Officer; Robert Daschner, D.C., FCLB Appointment; Karlos Boghosian, D.C., NBCE President and At-Large Director; James Buchanan, D.C., District I Director; Karen Champion, D.C., FCLB Appointment; Gary DiBenedetto, D.C., District III Director; Danita Thomas Heagy, D.C., District V Director



**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



#### 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



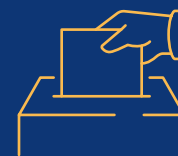
#### State/District

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

# State Board District Map

## DISTRICT I

DIRECTOR:

James Buchanan, D.C., M.S.

Washington, Oregon, Idaho, Montana, Wyoming, North Dakota, South Dakota, Nebraska, and Alaska.

## DISTRICT II

DIRECTOR:

NBCE Vice President LeRoy Otto, D.C.

Minnesota, Iowa, Missouri, Michigan, Kentucky, Wisconsin, Illinois, Indiana, and Ohio.

## DISTRICT III

DIRECTOR:

Gary DiBenedetto, D.C.

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

## DISTRICT IV

DIRECTOR:

NBCE Secretary Jason Jaeger, D.C.

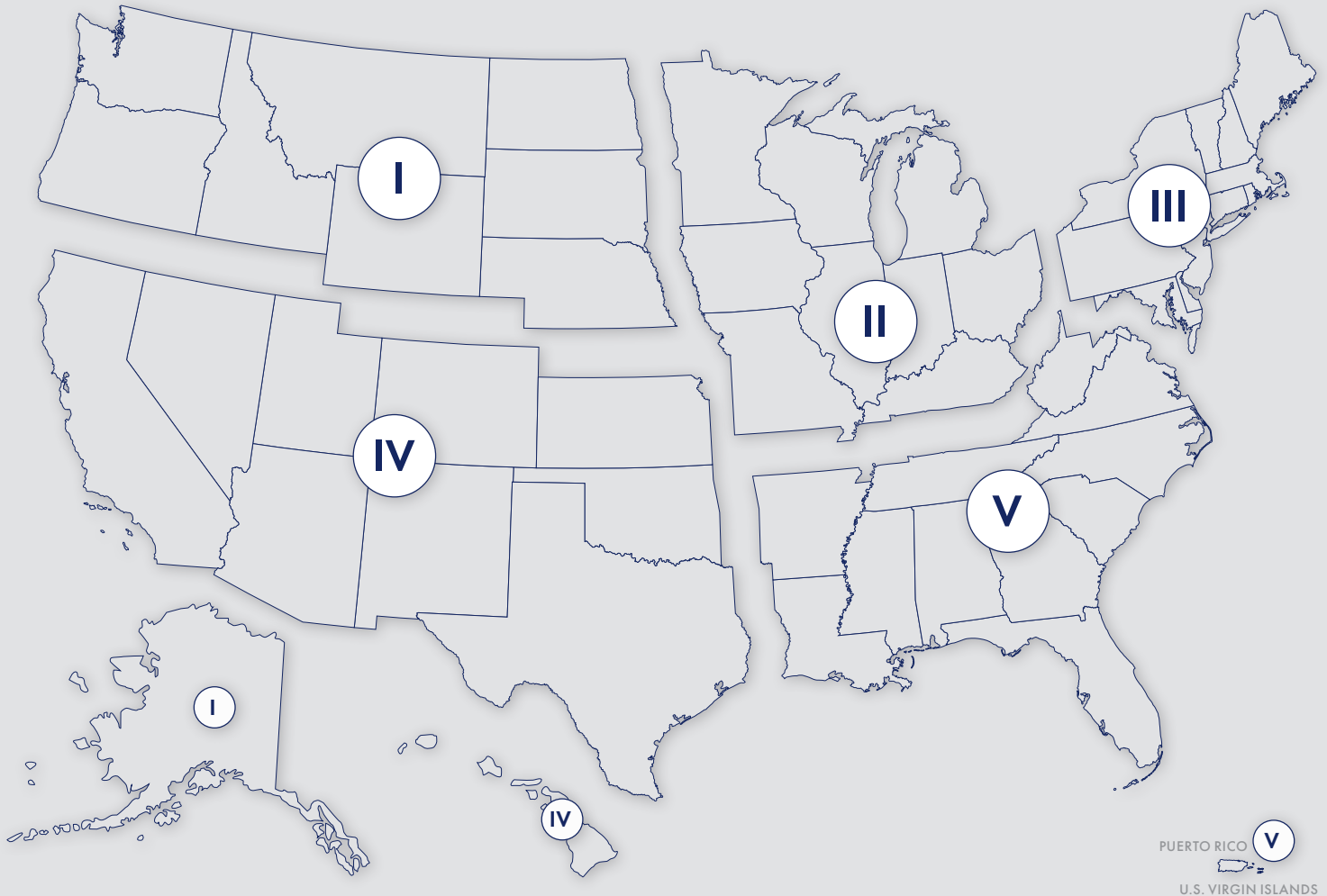
Texas, Oklahoma, Kansas, Colorado, New Mexico, Utah, Arizona, Nevada, California, and Hawaii.

## DISTRICT V

DIRECTOR:

Danita Thomas Heagy, D.C.

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



## 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.

# NBCE Executive Team



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



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



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



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

**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.**

## Tullio Award Winner

**Dr. Mark Bronson**



**The Paul M. Tullio Award for Distinguished Service is the NBCE's highest honor of distinction created to recognize outstanding service and accomplishments in chiropractic exam development, administration, analysis, and/or scoring.**

The NBCE is proud to recognize the immense contributions of Dr. Mark Bronson as the 2023 recipient of the Tullio Award. With decades of dedicated service, Dr. Bronson's involvement includes leadership roles in the American Chiropractic Association, the Council on Chiropractic Orthopedics, as well as the Texas Chiropractic Association, serving as past district president, state director, board member, and Department Coordinator for Scientific Affairs. Dr. Bronson's dedication to the NBCE is noteworthy, spanning from the organization's inception of the Part IV administration in 1996 to his current position as Chief Examiner at the Parker University test site. He actively participates in the development of Part III and Part IV tests, contributing to committees and workshops, including the Part IV Pilot Study Item Writing Workshop.

# Creating our Future: Strategic Planning

The National Board of Chiropractic Examiners (NBCE) proudly celebrated its 60th anniversary by honoring the people, values, and best practices that made this historic milestone possible. This year marked not only a point of achievement and celebration but also a point of inflection toward the future. In June, the NBCE embarked on a collaborative six-month strategic planning process led by the Board of Directors and NBCE Leadership Team.

The process began with an online survey sent to representatives from the chiropractic community. Focus-group sessions and one-on-one interviews with key stakeholders followed. Once this collective input was analyzed, a core set of strategic priorities and goals emerged. Informed by stakeholder insight, the Board of Directors and the NBCE Leadership Team engaged in a facilitated drafting process that resulted in a strategic plan, which focused on the four pillars of Communication, Operations, Governance, and Team, each with high-level goals and specific action plans.

The strategic plan showcases the NBCE's commitment to responsive leadership, collaboration, and readiness for the future of chiropractic. Even more importantly, it serves to reinforce the powerful vision, mission, purpose, and values that will inspire the next 60 years of excellence in regulatory testing.

**The NBCE extends a special thank you to the members of the following stakeholder groups who generously volunteered their time and insight.**

- State licensing board members
- State licensing board staff
- State licensing board delegates
- NBCE Board of Directors
- NBCE permanent employees
- NBCE contract employees (field staff)
- College presidents, leadership, registrars, and faculty
- Council of Chiropractic Education members and site team chairs
- National Chiropractic Associations
- Staff and board members of chiropractic associations
- Employees and owners of companies that provide supplies or services to the chiropractic profession

# ROADMAP TO EXCELLENCE: New Strategic Statements

These statements articulate the purpose, aspirations, and principles of NBCE and will be used to guide its actions, decisions, and behaviors. They collectively provide a framework for understanding NBCE's direction, goals, and core beliefs.

## MISSION

Ensuring professional competency and public safety through excellence in testing.

## PURPOSE

To strengthen public confidence in the Chiropractic profession and its vital contribution to lifelong well-being.

## VISION

Doctors of Chiropractic are universally regarded as highly qualified, competent professionals.

## VALUES

### LIFELONG LEARNING

- We take ownership of individual educational journeys and continuously seek opportunities to improve our knowledge and experience in pursuit of excellence.

### INTEGRITY

- Our work is guided by strong moral principles.
- Our words and actions align.
- We are committed to competent, ethical, and respectful interactions.
- Our actions and communications are genuine, sincere, and truthful.
- We practice self-awareness, as it is a foundation of productive relationships.

### FAIRNESS

- We achieve our mission and strategic objectives through commitment to internal and external collaboration, and stakeholder integration.
- We consider the consequences of our decisions on those impacted.
- We design processes, solutions, and systems to be equitable and objective.
- We foster a sense of belonging through building a culture that respects diversity.

### TRANSPARENCY

- We openly share information with each other and with our external stakeholders, while safeguarding the integrity of our processes and examinations.
- We create and manage effective channels of communication.

### ACCOUNTABILITY

- We rise above our circumstances to deliver on our commitments.
- We are responsible for our actions, behaviors, and outcomes.
- When we fail, we take ownership and take action to prevent future failures.



# Supporting Chiropractic Globally: WFC International Test of Competency

Working in partnership with the World Federation of Chiropractic (WFC), the International Board of Chiropractic Examiners (IBCE) developed an international exam for chiropractic competency. Currently in the final development stage, the exam was designed for universal application, and has the potential to serve as a critical benchmark in evaluating the knowledge, skills, and proficiency of chiropractors worldwide. In an era dominated by globalization and interconnected healthcare systems, the WFC exam offers a first step toward an internationally recognized standard of practice that transcends borders and has the potential to safeguard patients seeking chiropractic care, even where regulation does not exist. Its utilization not only assures patients that they are receiving care from well-trained professionals, but it also significantly contributes to enhancing the credibility and legitimacy of chiropractic as a vital healthcare discipline. Beyond introducing a globally recognized standard of expertise, the exam offers an aspirational benchmark for ongoing professional development that encourages practitioners to stay abreast of the latest best practices and research. In a healthcare landscape that demands excellence and accountability, the WFC International Test of Competency will play a pivotal role in securing the competence and integrity of chiropractors globally.



**Special thanks to all the members of the Test Committee for contributing their time and expertise to this groundbreaking project.**

## **WFC INTERNATIONAL TEST OF COMPETENCY TEST COMMITTEE PARTICIPANTS** *(Not all pictured)*

**AFRICA:** Mufudzi Chihambakwe (BOT), Fatima Ismail (SAFR), Desiree Varatharjullu (SAFR) **ASIA:** Martin Camara (PHIL), Eric Chu (HOKO), Yi Kai Wong (MLAS) **EASTERN MEDITERRANEAN:** Nageena Akhtar (UAE), Stathis Papadopoulos (CYPR) **EUROPE:** Richard Brown (UK), David Byfield (UK), Philip Dewhurst (UK), Ricardo Fujikawa (SPN), Henrik Lauridsen (DEN), Tom Michielsen (BELG) **LATIN AMERICA:** Carlos Ayres (PERU), Jorge Castillo (MEX) **NORTH AMERICA:** Danica Brousseau (CAN), Scott Dunham (CAN), Ana Facchinato (USA), Brian McAulay (USA), Nicolas Poirier (USA), Kimberleve Rolon (USA), D'sjon Thomas (USA) **PACIFIC:** Barrett Losco (AUST)



# Driving Innovation: Advancement and Development Project

Initially launched in 2021, the Advancement & Development Project seeks to significantly expand testing opportunities while upholding NBCE's standards of validity and fairness as well as controlling current and future costs. The project focus for 2022 was largely on feasibility research, assessing potential technology changes, and exploring vendor opportunities. In 2023, the project was directed toward evaluating solutions, conducting financial modeling, and seeking feedback from our esteemed partners to reinform project design.

Recognizing the importance of stakeholder input, in 2023 the NBCE initiated a series of communications campaigns to better introduce, familiarize, and seek critical feedback from academic partners, students, and state boards. This included impactful emails introducing the project, and a series of conversations with every Doctor of Chiropractic Program across the nation. These engagements sought to capture feedback, address concerns, and foster a collaborative approach towards refining the project. After realizing

our diverse stakeholders shared many of the same concerns, the NBCE created a Frequently Asked Questions document to facilitate communication and comprehensively address those common concerns. Additionally, an open-comments survey was developed to gain a deeper understanding of the diverse perspectives within the community. Typically, NBCE communications target specific stakeholder groups, but the new survey allowed all voices to offer feedback. This created the opportunity to gain critical understanding of the scope and number of concerns in addition to insights for future opportunities to improve the project communications.

These campaigns have set the stage for continued progress in 2024. With an ongoing commitment to maintaining open channels of communication, the NBCE Advancement and Development Project will continue to align with the evolving needs and expectations of our stakeholders. This initiative is scheduled to continue into 2024.

2022 focus was largely feasibility research, assessing potential technology changes, and exploring vendor opportunities.

In 2023 the project advanced to the next stage which focused on evaluating solutions, conducting financial modeling, and integrating feedback from our most valuable stakeholders.

2022

2023

# Driving Innovation: Delphi Study and New Readiness Assessment

## BEST PRACTICES

### Delphi Study

Delphi studies are critical to aligning exams with Doctor of Chiropractic college curricula. Each study consists of a series of questionnaires and follow-up communications to collect input directly from college faculty across the United States. Once feedback is received, NBCE researchers apply that data to modify the questionnaire, which is then sent for a new round of comments from participants. The NBCE hosted a Delphi Summit with representatives from the chiropractic colleges in 2022, which reviewed the processes and findings from prior Delphi studies, and in 2023 a complete study was conducted for Parts I, II, and Physiotherapy. An additional step was included for the Part I and II exams in the 2023 Delphi study that requested the Doctor of Chiropractic Program (DCP) faculty to give their opinions regarding the weighting of each domain. As a result, new test plans were proposed that would slightly increase the domain weight for General Anatomy, Spinal Anatomy, General Diagnosis, and Neuromusculoskeletal Diagnosis, while decreasing weight for Microbiology, Chemistry, Principles of Chiropractic, and Associated Clinical Sciences.

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## INNOVATION

### Chiropractic Education Readiness Assessment (CERA)

Student success is critical to not just the NBCE but also our academic stakeholders and the future of chiropractic. By actively engaging with faculty members from chiropractic programs nationwide, the NBCE identified a collaborative opportunity driven by a recognized need. This continuing collaboration entails working closely with chiropractic colleges to create a novel assessment tool, the Chiropractic Education Readiness Assessment (CERA), designed to evaluate students' academic strengths and non-cognitive skills. Through CERA, areas for improvement will be pinpointed, allowing for tailored interventions or support strategies aimed at enhancing students' achievements in Doctor of Chiropractic Programs, NBCE Board examinations, and their future clinical practice. The inaugural meeting of the CERA test development committee is scheduled for 2024. CERA is set to be available for college use by January 2025.

# Test Development: A Collaborative Process



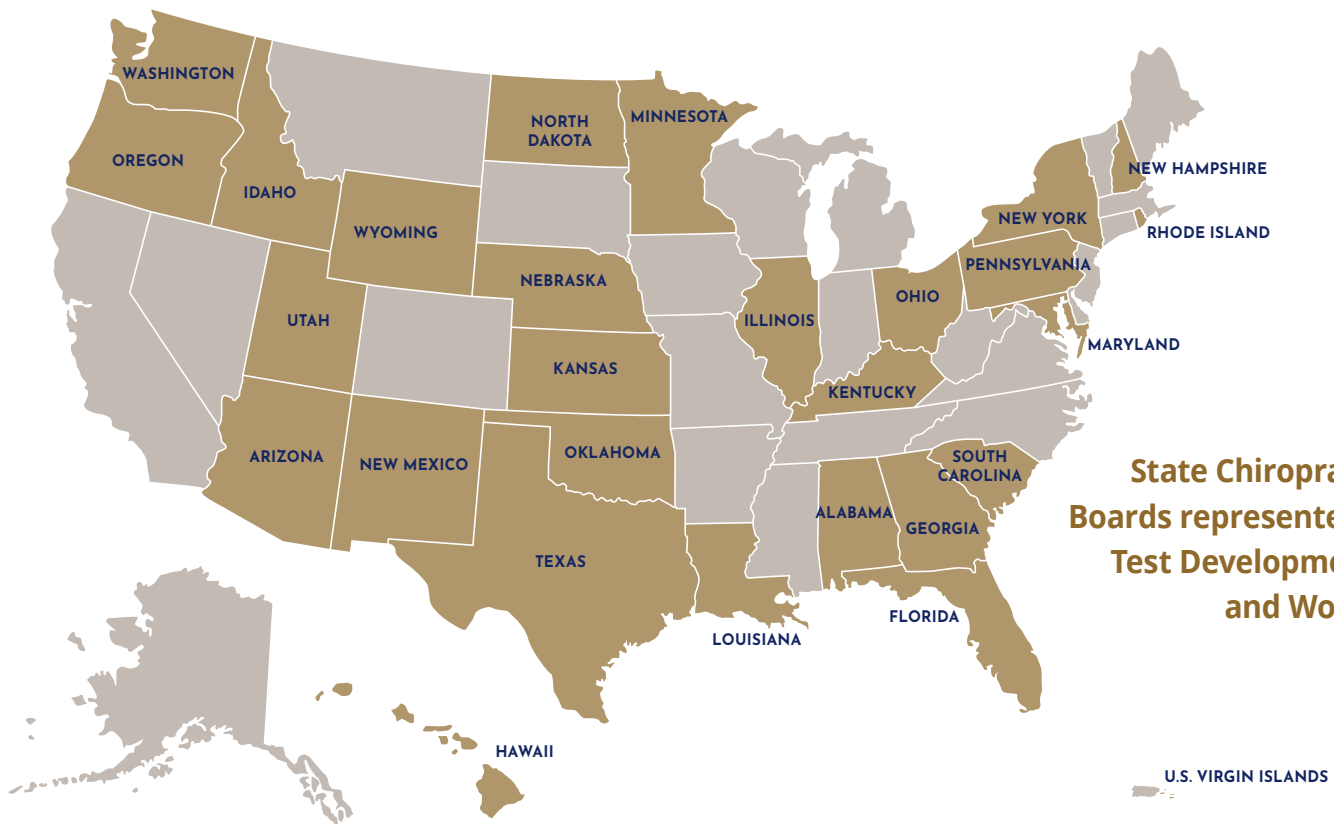
NBCE convenes a consortium of subject matter experts tasked with the writing and selection of questions for integration into all of its examinations. The Test Development Committees include chiropractic college faculty members nominated by deans, alongside seasoned practitioners representing state boards.

The NBCE extends our gratitude to the many participants who attended our 2023 Test Development Committees hosted in Greeley, Colorado. Each Committee member is an integral reason why NBCE exams have become an internationally recognized standard of excellence in regulatory testing.

## Doctor of Chiropractic Programs represented at the NBCE's Test Development Committees and Workshops in 2023:

- Cleveland University—Kansas City
- D'Youville University
- Keiser University
- Life University
- Life Chiropractic College—West
- Logan University
- National University of Health Sciences
- Northeast College of Health Sciences
- Northwestern Health Sciences University
- Palmer College of Chiropractic—Main Campus
- Palmer College of Chiropractic—Florida Campus
- Parker University
- Sherman College of Chiropractic
- Southern California Health University of Health and Sciences
- Texas Chiropractic College
- University of Bridgeport School of Chiropractic
- University of Western States
- Universidad Central del Caribe School of Chiropractic

Test Development: A Collaborative Process (continued)



**State Chiropractic Regulatory Boards represented at the NBCE's Test Development Committees and Workshops in 2023**

# 2023 Exam Delivery

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

**PHT**  
2,925 – 15.9%

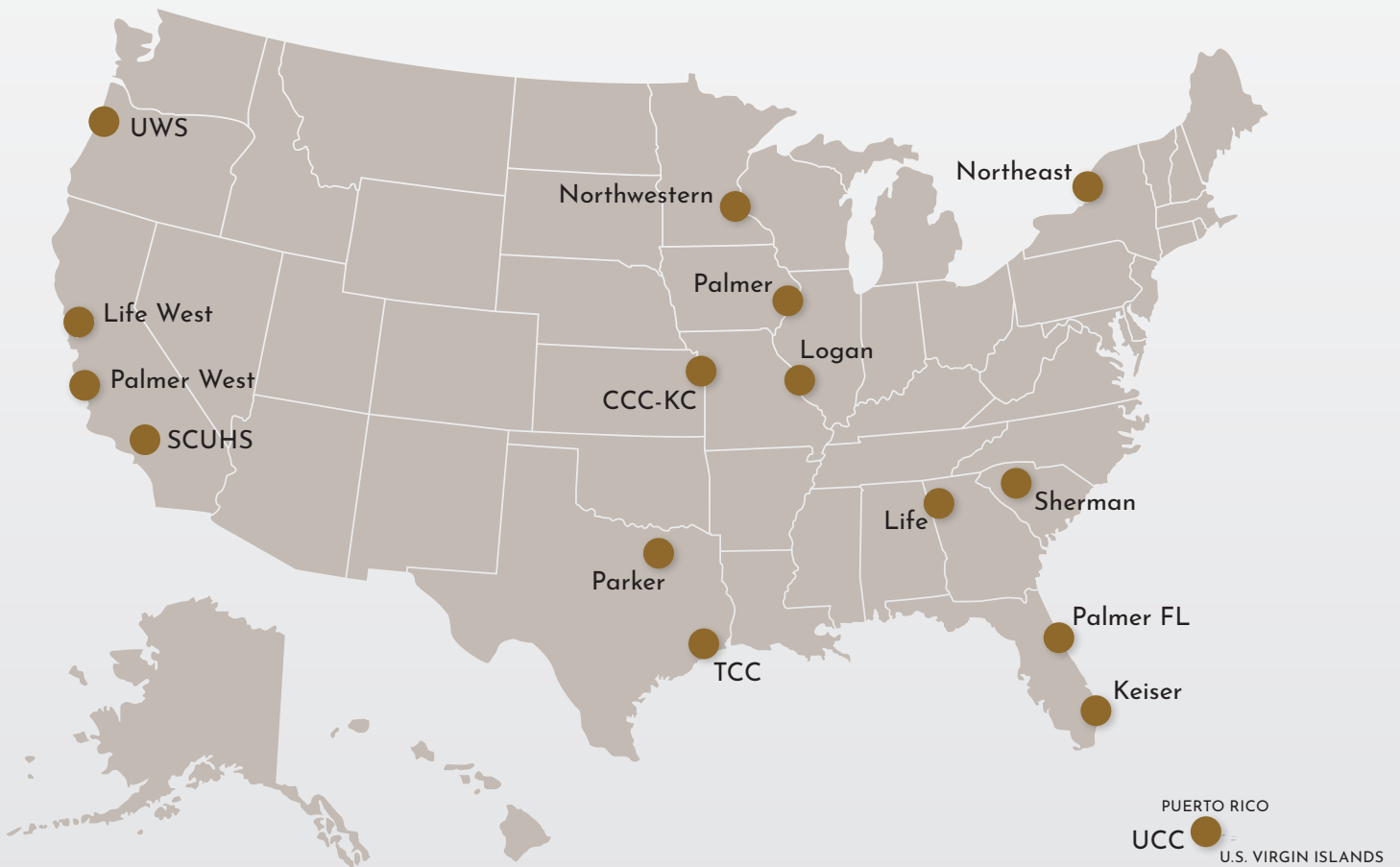
**PART I**  
(Full part and Individual Domain Retakes)  
5,177 – 28.1%

**PART IV**  
2,932 – 15.9%

**18,431**  
TOTAL EXAMS

**PART II**  
(Full part and Individual Domain Retakes)  
4,078 – 22.1%

**PART III**  
3,319 – 18.0%



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

# NBCE Publications and Conference Presentations

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## NATIONAL COUNCIL ON MEASUREMENT IN EDUCATION ANNUAL CONFERENCE 2023

**Tang, N., & Himelfarb, I. (April 2023).** *Bifactor Item Response Analysis of the Objective Structured Clinical Examination.* NCME Annual Conference. Chicago, IL.

*The three competing Grade Response Models (GRMs) were analyzed for the chiropractic case management Objective Structured Clinical Examinations license exam.*

**Edi, D. (April 2023).** *Impact of Rater Effects on Classification Consistency and Accuracy in Performance-Based Assessments.* NCME Annual Conference. Chicago, IL.

*This study simulated two levels of four types of rater effects and assessed their impact on examinee classifications under the many-faceted Rasch model (MFRM) framework.*

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## INTERNATIONAL MEETING OF THE PSYCHOMETRIC SOCIETY (IMPS 2023)

**Tang, N., & Himelfarb, I. (July 2023).** *A Comparison of IRT-based Subscore Reporting Methods for an Objective Structured Clinical Examination.* IMPS. College Park, MD.

*This study aims to apply different IRT models to reproduce subscores for Objective Structured Clinical Examination (OSCE) and evaluate these methods based on the model fit, reliability, and precision of the estimated subscores.*

**Tang, N., & Himelfarb, I. (July 2023).** *Rasch Analysis of the Chiropractic Case Management Risk Scale.* IMPS. College Park, MD.

*The aim of this study was to evaluate the validity of the Case Management Risk Scale (CMRS) in a sample of chiropractors in the U.S.*

**Edi, D., & Himelfarb, I. (July 2023).** *Impact of ignoring rater effects in objective structured clinical examinations.* IMPS. College Park, MD.

*The purpose of this study was to explore the impacts of discounting rater effects on examinee's ability estimates in operational OSCEs.*

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## WESTERN ASSOCIATION OF SCHOOLS AND COLLEGES SENIOR COLLEGE & UNIVERSITY COMMISSION—ACCREDITATION RESOURCE CONFERENCE (ARC) 2023

**Himelfarb, I., & Anokhin, A. (2023).** *Curriculum mapping in international chiropractic programs.* ARC 2023. Orange County, CA.

*The International Board of Chiropractic Examiners (IBCE) partnered with the World Federation of Chiropractic (WFC) to develop a chiropractic competence assessment to be administered in countries where local chiropractors do not have a clear path to licensure.*

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## ASSOCIATION OF CHIROPRACTIC COLLEGES—RESEARCH AGENDA CONFERENCE 2023

**Johnson, C., Green, B.N., Himelfarb, I., & Kane, E. (2023).** *Predictors of utilization frequency and expenditure level of chiropractic care in US adults: data from the Medical Expenditure Panel Survey.* ACC-RAC 2023. New Orleans, LA.

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## WORLD FEDERATION OF CHIROPRACTIC 2023.

**Himelfarb, I., & Shotts, B. L. (2023).** *Exploring the connection between chiropractic practice settings, patient characteristics, and professional functions.* Poster presented at the 17th WFC Congress. Gold Coast, QLD, Australia.

**Himelfarb, I., Martin-Raugh, M., & Solecki, N. R. (2023).** *Gender differences in the perception of risk and the relationship between risk and performance frequencies of chiropractic tasks.* Poster presented at the 17th WFC Congress. Gold Coast, QLD, Australia.

**Shotts, B. L., & Himelfarb, I. (2023).** *Rasch analysis of the chiropractic case management risk scale.* Paper presented at the 17th WFC Congress. Gold Coast, QLD, Australia.

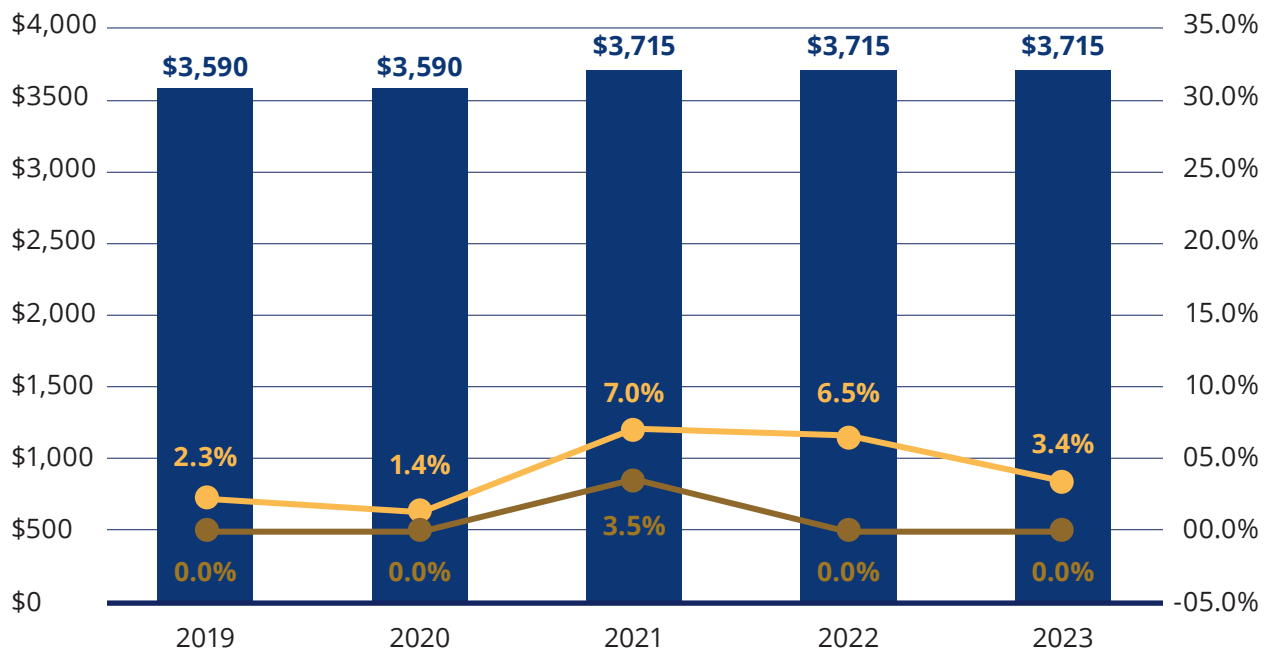
# Fiscal Responsibility: Stabilizing Exam Fees

At the NBCE, our commitment to excellence resonates not only in the quality of our licensure exams but also in our dedication to fiscal responsibility. Through disciplined fiscal management and strategic decision-making, we have navigated successfully through economic fluctuations, ensuring stability and growth for both our organization and the chiropractic community. Beyond examinations, we invest in advancing the profession through initiatives like student scholarships and funding research. We nurture talent, foster innovation, and contribute to the broader advancement of chiropractic healthcare. We uphold the integrity and rigor of our examinations through ongoing research and collaborative development efforts.

We are also committed to aligning our strategies with the needs of students, educators, practitioners, and regulatory bodies. Our decision not to raise exam costs in 2024 reflects responsiveness to student concerns and our commitment to fostering accessibility to licensure. In a landscape marked by unprecedented inflationary pressures, we have worked diligently to keep exam fees consistent. Since 2019, we have raised exam fees only once. Given the substantial surge in inflation, maintaining unchanged exam costs is equivalent to a reduction in fees and is a testament to our unwavering dedication to supporting students' financial well-being while ensuring the integrity of our examinations.

## NBCE EXAM FEE INCREASES COMPARED TO CONSUMER PRICE INDEX

■ Total Exam Fees ■ Consumer Price Index ■ Exam Fee Increase





# 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.

## NURTURING TALENT

Annual Student Essay Scholarship Contest: Each year the NBCE awards four students \$2,500 each for producing outstanding essays in the field of chiropractic. This year's essay winners include:

**Laith Arabi;** National University of Health Sciences

*A Century of Healing: The Evolution and Impact of Chiropractic Care in Modern Healthcare*

**Austin Liou;** Parker University

*Improving the Efficacy of Chiropractic Treatment by Considering the Biopsychosocial Impact on Physical Rehabilitation*

**Andrea N. Orleanski;** National University of Health Sciences

*Chiropractic Care Improving Mental Health*

**Janelle Hynes;** Logan University

*Modulation of the CNS Through Spinal Manual Therapy Using fMRI as an Objective Measurement*

**Chiropractic Colleges—Scholarships:**  
**\$1,000 each—\$20,000 total**

**Student American Black Chiropractic Association: \$4,000**

**Student International Chiropractic Association: \$5,000**

**Student American Chiropractic Association: \$5,000**

**Association of Chiropractic Colleges- Educational and Research Agenda Conference:**

• Scholarships: **\$36,515**

• Premier Sponsorship: **\$100,000**

## FOSTERING INNOVATION

**University of South Florida Research Grant: \$15,000**

**Association of Chiropractic Colleges—Educational and Research Agenda Conference Research Grants: \$12,000**

**World Federation of Chiropractic Research Grant: \$10,000**

## ADVANCEMENT OF CHIROPRACTIC HEALTHCARE

**Association for the History of Chiropractic: \$1,000**

**EVOKE Conference Sponsorship: \$5,000**

**Federation of Chiropractic Licensing Boards:**

**\$753,227** in annual support

**\$69,000** in chiropractic board meeting scholarships

**\$2,000** to sponsor the Chiropractic Board Administrators Committee

**Foundation for Chiropractic Progress: \$35,000**

**Foundation for the Advancement of Chiropractic Tenets and Science (FACTS): \$26,000**

**Medicongress Services Spine Week Sponsorship: \$11,263**

**NCMIC Foundation- George P. McAndrews Fund: \$100,000**

**Women Chiropractors: \$10,000**

**World Federation of Chiropractic Conference Sponsorship: \$5,000**

**TOTAL CONTRIBUTION 2023: \$1,235,005**  
**TOTAL 10-YEAR CONTRIBUTION: \$9,179,547**

# Consolidated Financial Statements and Supplementary Information

DECEMBER 31, 2023 AND 2022

THIS REPORT WILL BE UPDATED WITH 2023 CONSOLIDATED FINANCIAL STATEMENTS ON APRIL 19, 2024

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**National Board of  
Chiropractic Examiners  
and Subsidiary**

**Consolidated Financial Statements  
and Supplementary Information**

December 31, 2023 and 2022

# National Board of Chiropractic Examiners and Subsidiary

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**Consolidated Schedules of Revenues**  
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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, 2023 and 2022, 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, 2023 and 2022, 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 24 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.



Certified Public Accountants

Fort Collins, Colorado  
April 9, 2024

# National Board of Chiropractic Examiners and Subsidiary

## Consolidated Statements of Financial Position

December 31	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 9,090,174	\$ 7,369,708
Receivables	24,104	2,171
Accrued interest receivable	1,133	1,104
Prepaid expenses and other current assets	376,219	356,552
Total current assets	<u>9,491,630</u>	<u>7,729,535</u>
<b>Property and Equipment, at cost</b>		
Land and improvements	2,023,743	2,023,743
Buildings and improvements	6,429,547	6,429,547
Office furniture and equipment	1,451,309	1,513,758
Vehicles	72,625	72,625
Right-of-use finance lease assets	5,180	9,620
Artwork and decorations	81,280	81,280
Construction in progress	56,088	-
	<u>10,119,772</u>	<u>10,130,573</u>
Less accumulated depreciation	<u>(5,247,726)</u>	<u>(5,050,069)</u>
Net property and equipment	<u>4,872,046</u>	<u>5,080,504</u>
<b>Other Long-Term Assets</b>		
Software, net of accumulated amortization, of \$727,624 and \$759,578 respectively	321,979	76,667
Certificates of deposit	254,128	247,872
Right-of-use operating lease asset	38,961	17,888
Board designated assets		
Cash and cash equivalents	232,047	735,265
Investments	33,123,546	29,482,886
Accrued interest receivable	37,509	36,448
Investment in 5401 building, net	1,358,353	1,443,071
Total Board designated assets	<u>34,751,455</u>	<u>31,697,670</u>
Total other long-term assets	<u>35,366,523</u>	<u>32,040,097</u>
Total assets	<u>\$ 49,730,199</u>	<u>\$ 44,850,136</u>

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

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	2023	2022
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 214,755	\$ 109,889
Current maturities of finance lease liability	3,463	3,404
Current maturities of operating lease liability	17,805	12,181
Accrued wages payable	202,192	63,566
Accrued compensated absences	171,332	170,177
Accrued property taxes payable	225,257	213,455
Accrued other liabilities	903,677	18,159
Deferred revenue	3,513,114	3,212,943
Total current liabilities	<u>5,251,595</u>	<u>3,803,774</u>
<b>Long-Term Liabilities</b>		
Finance lease liability, net of current maturities	291	3,754
Operating lease liability, net of current maturities	21,102	5,058
Security deposits	2,000	2,000
Total long-term liabilities	<u>23,393</u>	<u>10,812</u>
Total liabilities	<u>5,274,988</u>	<u>3,814,586</u>
<b>Net Assets</b>		
Net assets without donor restrictions		
Board designated	34,751,455	31,697,670
Net investment in property and equipment	4,872,046	5,080,504
Undesignated	4,831,710	4,257,376
Total net assets	<u>44,455,211</u>	<u>41,035,550</u>
Total liabilities and net assets	<u>\$ 49,730,199</u>	<u>\$ 44,850,136</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	2023	2022
<b>Revenues and Gains</b>		
Revenues		
Examination fees	\$ 15,162,385	\$ 15,250,240
Other services	211,757	209,633
Total revenues and gains	<u>15,374,142</u>	<u>15,459,873</u>
<b>Expenses and Losses</b>		
Operating expenses		
Program services	10,800,027	10,456,051
Management and general	3,558,021	3,208,582
Total operating expenses	<u>14,358,048</u>	<u>13,664,633</u>
CARES Act Employee Retention Credit repayment	811,027	-
Loss on disposal of assets	11,241	-
Total expenses and losses	<u>15,180,316</u>	<u>13,664,633</u>
<b>Change in Net Assets Before Investment Income</b>	<b>193,826</b>	<b>1,795,240</b>
<b>Investment Income (Loss)</b>		
Interest income	1,604,654	1,146,120
Net realized and unrealized gains (losses) on investments	1,649,648	(2,979,643)
Investment expenses	(56,795)	(63,851)
Net gain (loss) on rental activities of 5401 building	28,328	(1,173)
Net investment income (loss)	<u>3,225,835</u>	<u>(1,898,547)</u>
<b>Change in Net Assets</b>	<b>3,419,661</b>	<b>(103,307)</b>
<b>Net Assets, Beginning of Year</b>	<b>41,035,550</b>	<b>41,138,857</b>
<b>Net Assets, End of Year</b>	<b><u>\$ 44,455,211</u></b>	<b><u>\$ 41,035,550</u></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

2023

	Program Services	Management and General	Total
<b>Compensation and employee benefits</b>			
Salaries and wages	\$ 2,744,322	\$ 1,067,236	\$ 3,811,558
Employee benefits	589,580	229,281	818,861
Payroll taxes and workers' compensation	194,739	75,732	270,471
Other employee benefits	44,928	17,472	62,400
	<u>3,573,569</u>	<u>1,389,721</u>	<u>4,963,290</u>
<b>Exam programming expenses</b>			
Administration	3,864,664	-	3,864,664
Preparation	322,312	-	322,312
Training	42,536	-	42,536
Printing	24,652	-	24,652
Development	66,213	-	66,213
EBAS expenses	116,516	-	116,516
	<u>4,436,893</u>	<u>-</u>	<u>4,436,893</u>
<b>Support to other organizations</b>			
Assistance to other organizations	1,282,207	-	1,282,207
<b>Occupancy and office expenses</b>			
Office equipment and supplies	344,464	133,958	478,422
Utilities and building maintenance	336,619	134,384	471,003
Property taxes	133,016	51,728	184,744
Telephone	27,969	10,877	38,846
	<u>842,068</u>	<u>330,947</u>	<u>1,173,015</u>
<b>Meetings</b>			
Meetings, board of directors	-	745,707	745,707
Meetings, professional development	101,812	97,819	199,631
Meeting functions	18,767	125,595	144,362
	<u>120,579</u>	<u>969,121</u>	<u>1,089,700</u>
<b>Other</b>			
Professional services	118,999	376,829	495,828
Depreciation and amortization	258,190	95,495	353,685
Miscellaneous	2,996	296,555	299,551
Insurance	109,990	42,774	152,764
Public relations	42,988	24,180	67,168
Auto expenses	-	27,908	27,908
Postage and shipping	11,548	4,491	16,039
	<u>544,711</u>	<u>868,232</u>	<u>1,412,943</u>
Total operating expenses	<u>\$ 10,800,027</u>	<u>\$ 3,558,021</u>	<u>\$ 14,358,048</u>

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

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2022

Program Services	Management and General	Total
\$ 2,609,115	\$ 1,014,656	\$ 3,623,771
613,144	238,445	851,589
188,790	73,418	262,208
51,021	19,841	70,862
<u>3,462,070</u>	<u>1,346,360</u>	<u>4,808,430</u>
3,686,241	-	3,686,241
363,114	-	363,114
45,136	-	45,136
24,757	-	24,757
99,717	-	99,717
133,260	-	133,260
<u>4,352,225</u>	<u>-</u>	<u>4,352,225</u>
<u>1,153,635</u>	<u>-</u>	<u>1,153,635</u>
289,608	112,626	402,234
374,372	145,589	519,961
130,918	50,912	181,830
29,421	11,442	40,863
<u>824,319</u>	<u>320,569</u>	<u>1,144,888</u>
-	698,924	698,924
112,285	33,540	145,825
15,232	93,566	108,798
<u>127,517</u>	<u>826,030</u>	<u>953,547</u>
107,372	228,164	335,536
313,820	83,420	397,240
-	300,339	300,339
92,508	35,976	128,484
-	54,275	54,275
16,799	11,199	27,998
5,786	2,250	8,036
<u>536,285</u>	<u>715,623</u>	<u>1,251,908</u>
<u>\$ 10,456,051</u>	<u>\$ 3,208,582</u>	<u>\$ 13,664,633</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	2023	2022
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 3,419,661	\$ (103,307)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	411,201	468,476
Amortization of lease incentive allowances	22,762	19,051
Amortization of right of use assets, operating	23,615	16,846
Loss on disposal of assets	11,241	-
Reinvested interest and dividends	(1,002,463)	(622,051)
Net realized and unrealized investment gains	(1,649,648)	2,979,643
Increase (decrease) in assets and liabilities		
Accounts receivable and accrued interest	(23,023)	800
Prepaid expenses and other assets	(19,667)	(57,929)
Accounts payable	104,866	8,440
Accrued expenses	1,037,101	(11,409)
Deferred revenue	300,171	(18,710)
Operating lease obligation	(23,020)	(17,495)
Net cash provided by operating activities	<u>2,612,797</u>	<u>2,662,355</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of investments, board designated	(8,063,467)	(34,086,417)
Proceeds from the sale of investments, board designated	7,068,314	29,556,473
Purchases of property and equipment	(33,708)	(152,516)
Payments for capitalized software	(367,724)	(39,547)
Net cash used by investing activities	<u>(1,396,585)</u>	<u>(4,722,007)</u>
<b>Cash Flows From Financing Activities</b>		
Payments on finance lease liability	1,036	(6,531)
Net cash provided (used) by financing activities	<u>1,036</u>	<u>(6,531)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,217,248</b>	<b>(2,066,183)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>8,104,973</b>	<b>10,171,156</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 9,322,221</b>	<b>\$ 8,104,973</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, 2023 and 2022

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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, 2023 and 2022

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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, 2023 and 2022.

*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 \$355,768 in 2023 and \$353,895 in 2022.

*Leases and Right-of-Use Assets.* 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.



# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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

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 \$55,433 in 2023 and \$106,802 in 2022.

*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, 2023 and 2022.

*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 \$25,835,000. This amount is based on a risk-based analysis and is reevaluated by the Board every other year.

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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

*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.

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 open for examination 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.

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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

*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 April 9, 2024, which is the date the financial statements were available to be issued.

### 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>2023</u>	<u>2022</u>
Financial assets, end of year	<b>\$ 42,762,641</b>	\$ 37,875,454
Less certificates of deposits with long-term maturities	<b>(254,128)</b>	(247,872)
Less assets designated by the Board under the designated reserve investment policy	<b><u>(33,393,102)</u></b>	<u>(30,254,599)</u>
Financial assets available to meet cash requirements for general expenditures within one year	<b><u>\$ 9,115,411</u></b>	<b><u>\$ 7,372,983</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 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 designated reserve 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. Those assets that have been included within the board designation are clearly indicated in the consolidated statements of financial position.

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 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, 2023 and 2022 that sum to the total of the same such amounts shown in the statement of cash flows for the years then ended.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 9,090,174	\$ 7,369,708
Cash and cash equivalents, Board designated	<u>232,047</u>	<u>735,265</u>
	<u>\$ 9,322,221</u>	<u>\$ 8,104,973</u>

### 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, 2023:

	<u>Cost</u>	<u>Fair Value</u>
Long-term investments		
Fixed income		
Domestic notes and bonds	\$ 15,596,187	\$ 15,577,749
US Treasury notes	2,454,907	2,421,455
Municipal bonds	75,010	73,406
Equity funds		
Domestic all cap	2,201,206	3,330,806
International	1,644,090	1,993,921
Emerging markets	633,772	760,574
Floating rate corporate loans	569,205	565,372
Real estate funds	933,793	879,896
Liquid low correlated hedge	4,706,044	4,632,259
Energy limited partnership	1,866,934	2,350,131
Private equity	500,000	537,977
Certificates of deposit	<u>254,128</u>	<u>254,128</u>
	<u>\$ 31,435,276</u>	<u>\$33,377,674</u>

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### Note 4 – Investments (continued)

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	<u>247,872</u>	<u>247,872</u>
	<u>\$ 29,582,710</u>	<u>\$29,730,758</u>

### 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.

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### Note 5 – Fair Value Measurements (continued)

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, 2023 and 2022.

*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, 2023 and 2022, 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.

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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Fixed income notes and bonds	\$ -	\$ 18,072,610	\$ 18,072,610
Equity funds	15,050,936	-	15,050,936
Certificates of deposit	-	254,128	254,128
	<u>\$ 15,050,936</u>	<u>\$ 18,326,738</u>	<u>\$ 33,377,674</u>

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### Note 5 – Fair Value Measurements (continued)

Investments measured at fair value on a recurring basis have been categorized into the hierarchy as follows at December 31, 2022:

	Level 1	Level 2	Total
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>

### 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:

	2023	2022
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	87,522	110,284
	<u>2,596,057</u>	<u>2,618,819</u>
Less accumulated depreciation	<u>(1,237,704)</u>	<u>(1,175,748)</u>
Net 5401 Building	<u>\$ 1,358,353</u>	<u>\$ 1,443,071</u>

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 \$61,956 in 2023 and \$65,665 in 2022. 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:

	2023	2022
Rental revenues	\$ 139,129	\$ 127,824
Less operating expenses	(110,801)	(128,997)
Net loss on rental activities of 5401 Building	<u>\$ 28,328</u>	<u>\$ (1,173)</u>

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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### Note 6 – Rental Real Estate (continued)

Future minimum rental receipts under current leases are as follows as of December 31, 2023:

<u>Year</u>	<u>Amount</u>
2024	\$ 91,497
2025	68,011
2026	70,051
2027	72,153
2028	6,027
	<u>\$ 307,739</u>

### Note 7 – Contract Liabilities

Deferred revenue (contract liability) consists of amounts received in advance for examination fees. Beginning balances were \$3,212,943 and \$3,231,653 at January 1, 2023 and 2022, respectively. Ending balances were \$3,513,114 and \$3,212,943 at December 31, 2023 and 2022, 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, 2023 and 2022, the Organization has recorded a liability of \$171,332 and \$170,177, respectively, for these benefits, representing the Organization's commitment to fund such costs.

### Note 9 – Leasing Activities

*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 \$8,509 at December 31, 2023. The finance lease liability was \$3,754 at December 31, 2023.

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



# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### Note 9 – Leasing Activities (continued)

Lease expense consists of the following for the year ended December 31, 2023:

	<u>Amount</u>
Finance lease expense	
Amortization of right-of-use assets	\$ 4,440
Interest on lease liability	97
	<u>4,537</u>
Operating lease expense	23,615
	<u>\$ 28,152</u>

Supplemental cash flow information for the year ended December 31, 2023:

	<u>Amount</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	\$ 97
Financing cash flows from finance leases	\$ 3,404
Operating cash flow from operating leases	\$ 23,020
Right-of-use assets obtained in exchange for new lease liabilities:	
Operating leases	\$ 43,437

The weighted average of the remaining lease terms and discount rates are as follows at December 31, 2023:

Remaining lease term, finance leases	1.17 years
Remaining lease term, operating lease	2.39 years
Discount rate, finance leases	1.73%
Discount rate, operating lease	3.60%

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, 2023:

<u>Year</u>	<u>Finance Leases</u>	<u>Operating Leases</u>
2023		
2024	\$ 3,501	\$ 18,939
2025	291	14,636
2026	-	7,122
Total undiscounted cash flows	<u>3,792</u>	<u>40,697</u>
Less: present value discount	(38)	(1,790)
Total lease liability	<u>\$ 3,754</u>	<u>\$ 38,907</u>

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 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 \$212,427 in 2023 and \$210,829 in 2022.

### Note 11 – EBAS Expenses

During the year ended December 31, 2023 and 2022, EBAS incurred direct expenses of \$112,340 and \$130,546, respectively, and indirectly benefitted from \$282,763 and \$283,206, respectively, of expenses incurred by NBCE. Software amortization expense of \$464 and \$5,571 for the years ended December 31, 2023 and 2022, respectively, are included in direct expenses. At December 31, 2023 and 2022, EBAS had cash of \$352,057 and \$187,489 and owed \$3,256,834 and \$2,956,408 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 fifteenth year in 2023. 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>2023</u>	<u>2022</u>
Payments sent to FCLB related to annual support agreement	\$ 753,227	\$ 772,596
Office space and utilities in-kind	45,702	35,191
Total support provided to FCLB	<u>\$ 798,929</u>	<u>\$ 807,787</u>

# National Board of Chiropractic Examiners and Subsidiary

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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### Note 13 – CARES Act Employee Retention Credits

In 2020 and 2021, the Organization claimed and received Employee Retention Credits (ERC) under provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES) totaling \$204,199 and \$809,584, respectively. Management has determined the Organization did not meet certain revised eligibility requirements under the program. In response, the Organization has applied for the Internal Revenue Service Employee Retention Credit Voluntary Disclosure Program requiring repayment of 80% of the Employee Retention Credits received. Accordingly, the Organization has recorded accrued other liabilities and other expense totaling \$811,027 in the accompanying financial statements as of December 31, 2023 and for the year then ended.

### Note 14 – 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

## Consolidated Schedules of Revenues

Years ended December 31	2023	2022
<b>Examination Fees</b>		
Part IV	\$ 4,173,305	\$ 4,758,170
Retake fees	3,303,610	921,585
Part I	2,142,070	2,650,080
Part II	1,916,290	2,270,355
Part III	1,819,020	2,681,595
Physiotherapy	1,166,850	1,347,500
EBAS	247,500	165,000
Acupuncture	138,750	151,500
State specialty	133,710	142,455
Special Purposes Examination for Chiropractic (SPEC)	111,000	132,000
Certified Chiropractic Clinical Assistant (CCCA)	7,300	9,500
Other exam fees	1,530	20,695
Specialty council	1,450	550
Refunds	-	(745)
	<u>15,162,385</u>	<u>15,250,240</u>
<b>Other Services</b>		
Transcripts	69,575	72,965
Miscellaneous	68,922	57,588
Cancellation fees	35,325	27,975
Online sample test	26,685	31,110
Part IV appeal	7,200	9,000
Certificates and plaques	4,050	4,650
Chiropractic College Aptitude Test (CCAT) fees	-	6,345
	<u>211,757</u>	<u>209,633</u>
<b>Total revenues</b>	<u>\$ 15,374,142</u>	<u>\$ 15,459,873</u>

**NBCE 2023 ANNUAL REPORT**

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