

Student **Leadership**

Forum

Responsible Finance

Presented by:

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NBCE Chief Financial Officer





NBCE - A 501(C)6 Nonprofit Organization



Mission-Driven Purpose:

we must operate to fulfill a specific mission.



Accountability and Compliance:

we must demonstrate accountability to the public by transparently showing how our funds are used to further our mission, and we must adhere to strict regulations to maintain our tax-exempt status.



Governance:

we are governed by a board of directors who serves as fiduciaries to ensure we adhere to our mission and operate ethically.



Revenues



Investment Revenues

- Interest and gains earned on investments
- Used to build the reserve

**The NBCE
derives its
revenues
from two
primary
sources**

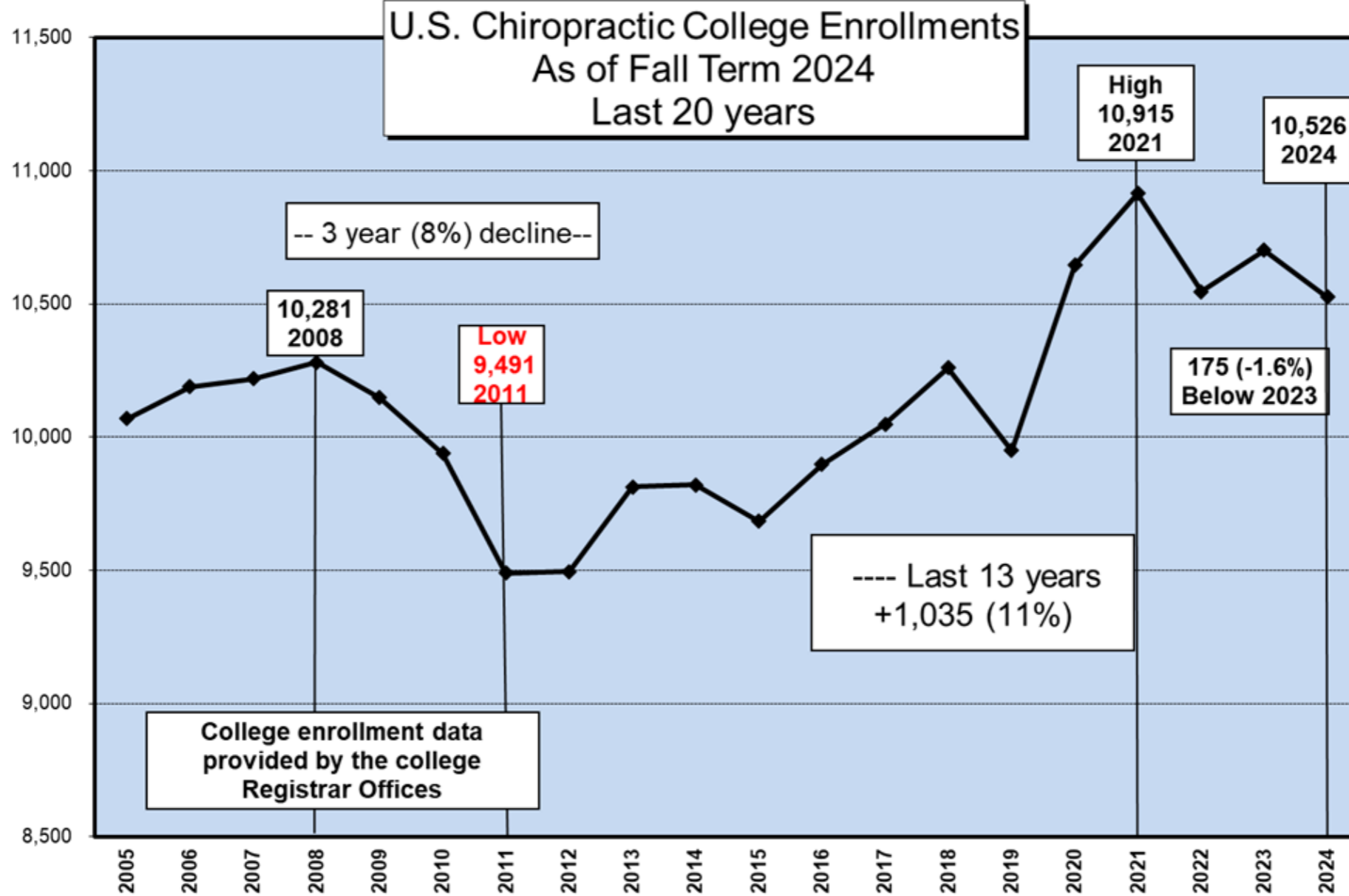


Chiropractic Exam Revenues

- Based upon college enrollment and exam fees.

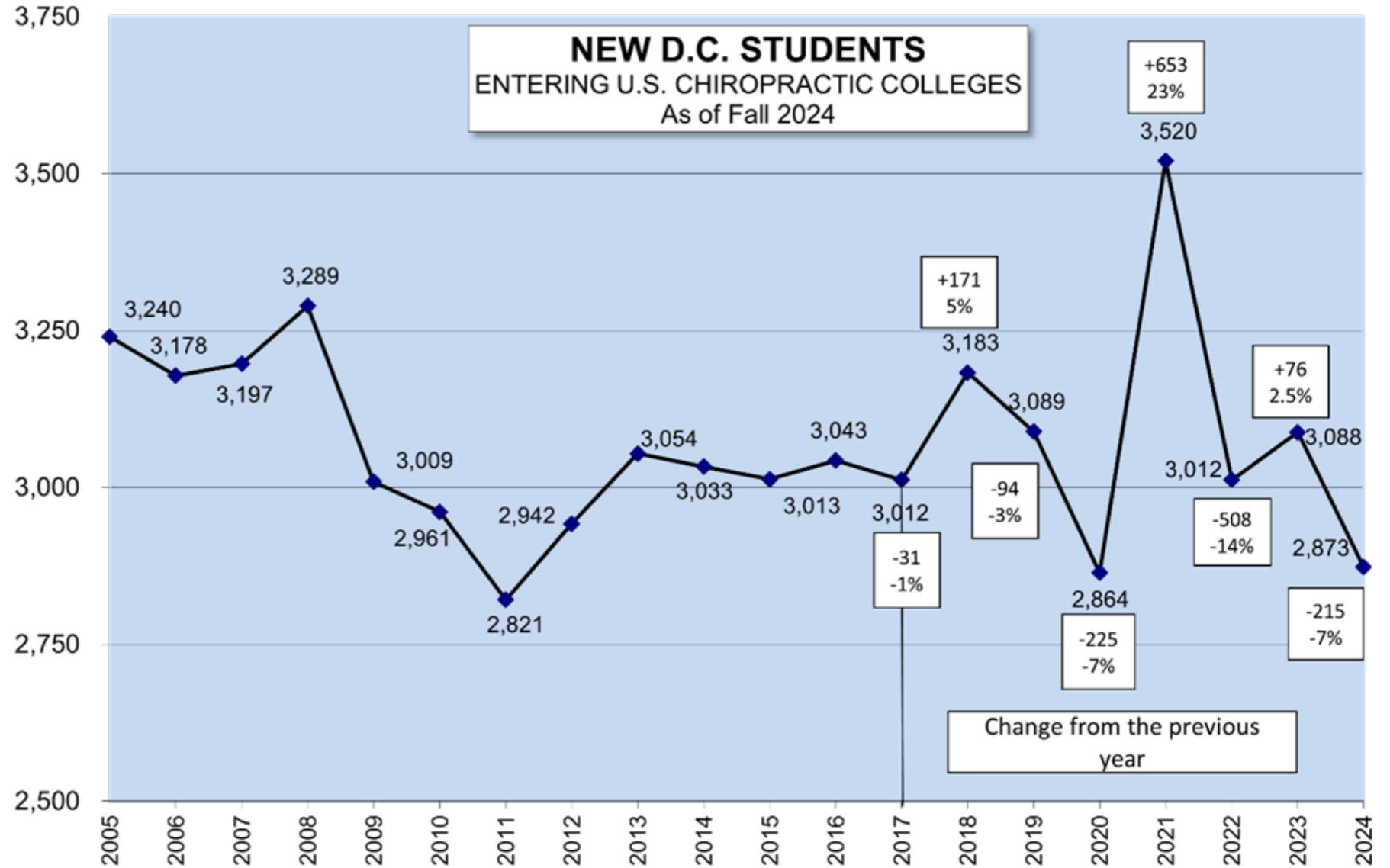
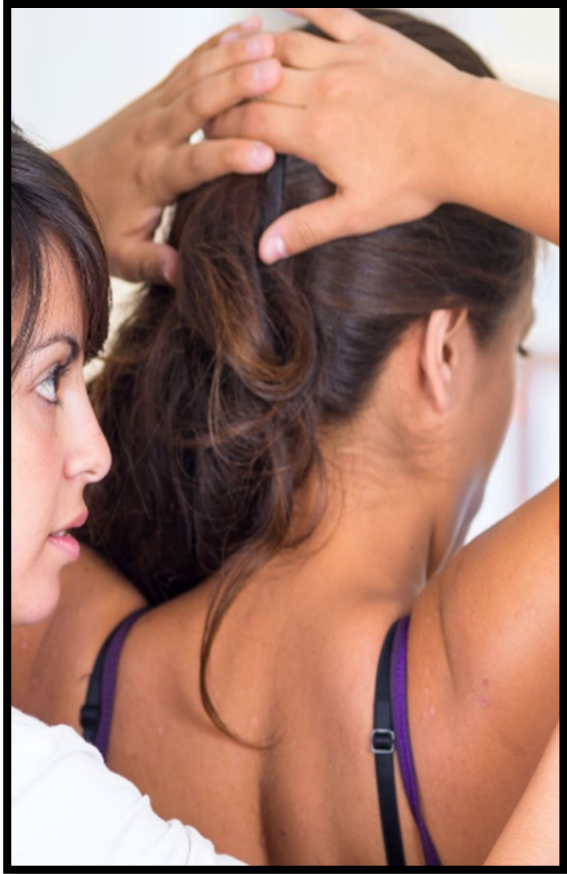


U.S. Chiropractic College Enrollments





New D.C. Students





Exam Fees

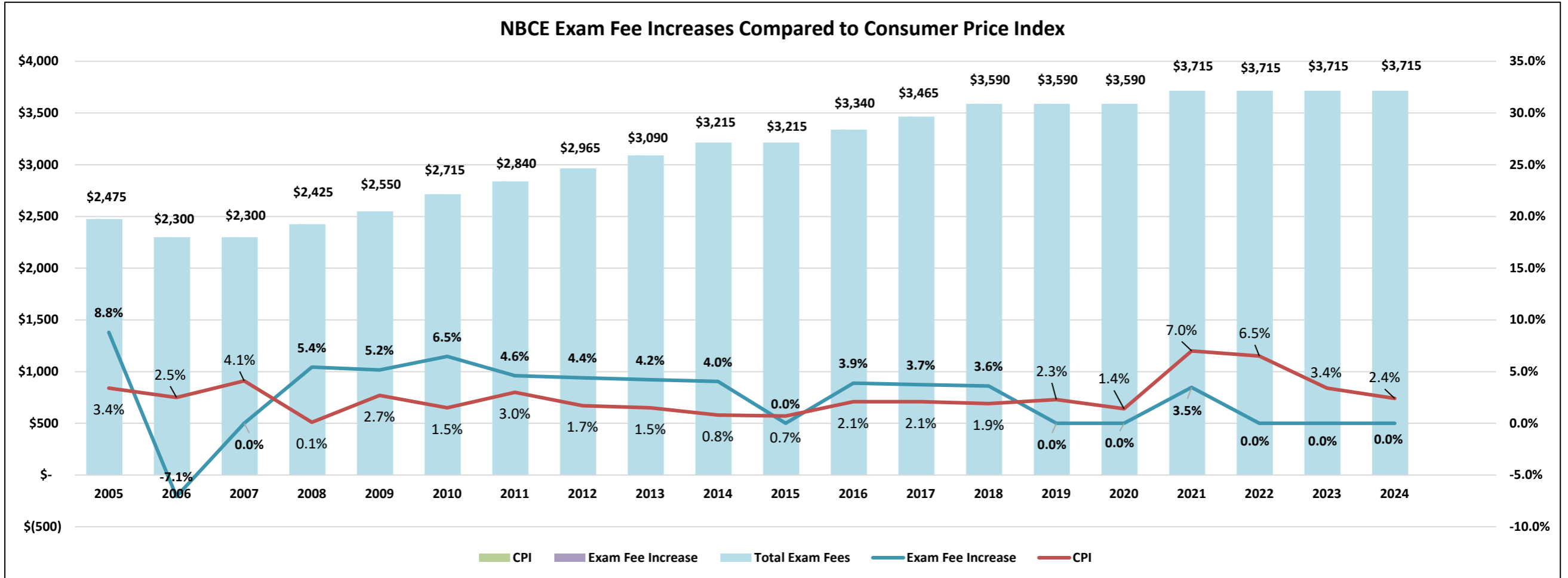
Budget driven - based on college enrollment and operating costs.

	2018-2020	2021-2025
Part I	\$685	\$710
Part II	\$685	\$710
Part III	\$685	\$710
Part IV	<u>\$1,535</u>	<u>\$1,585</u>
TOTAL	\$3,590	\$3,715





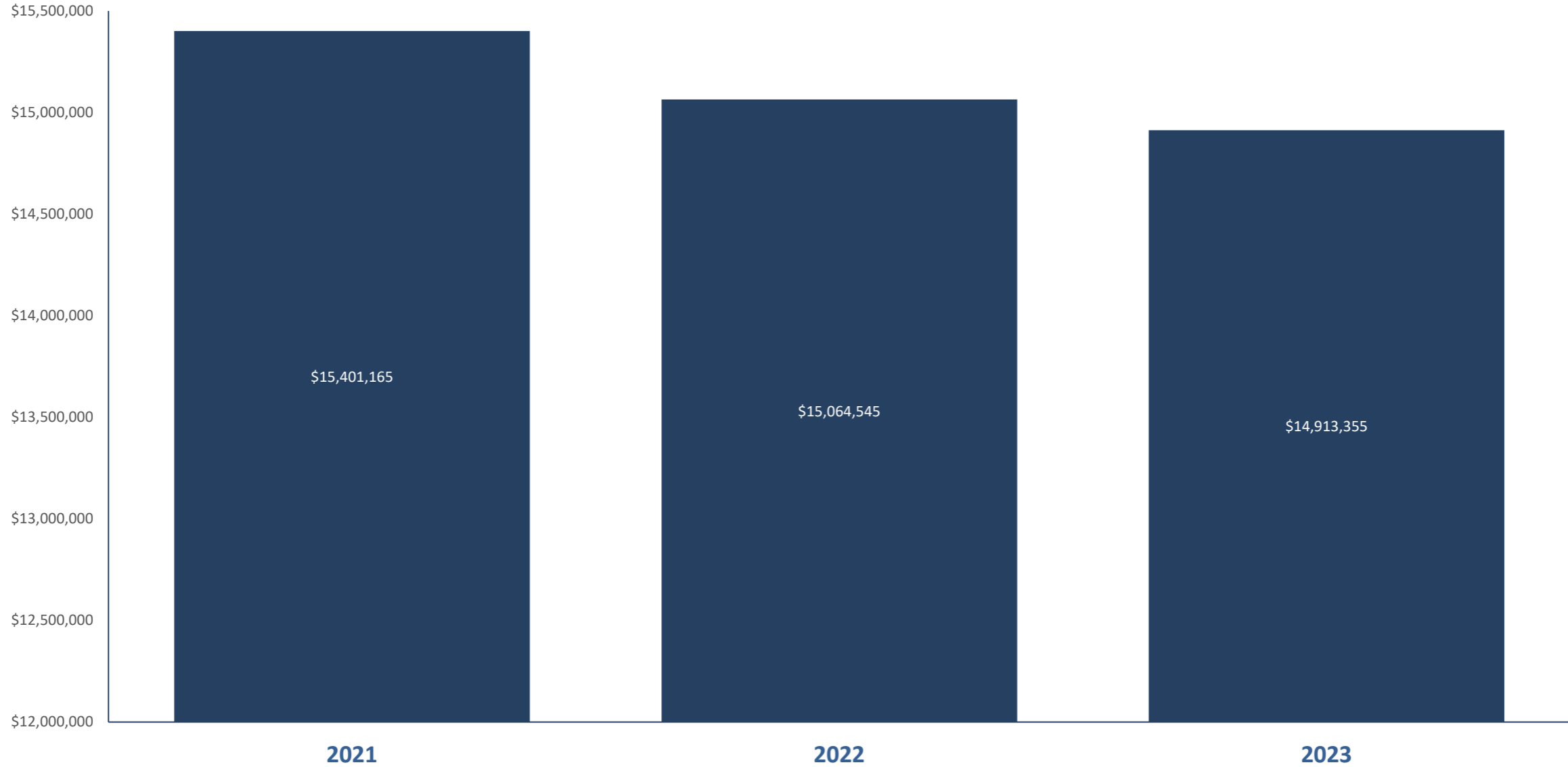
Exam Fee vs. CPI



NBCE exam fees have increased, on average, 2.5% each year over the past 20 years. Over the past five years, exam fees have increased once. This was a 3.5% increase in 2021, which averages to a 0.7% increase over the past five years. The 20-year average CPI is 2.6% and the five-year average CPI is 4.2%.



Exam Revenues

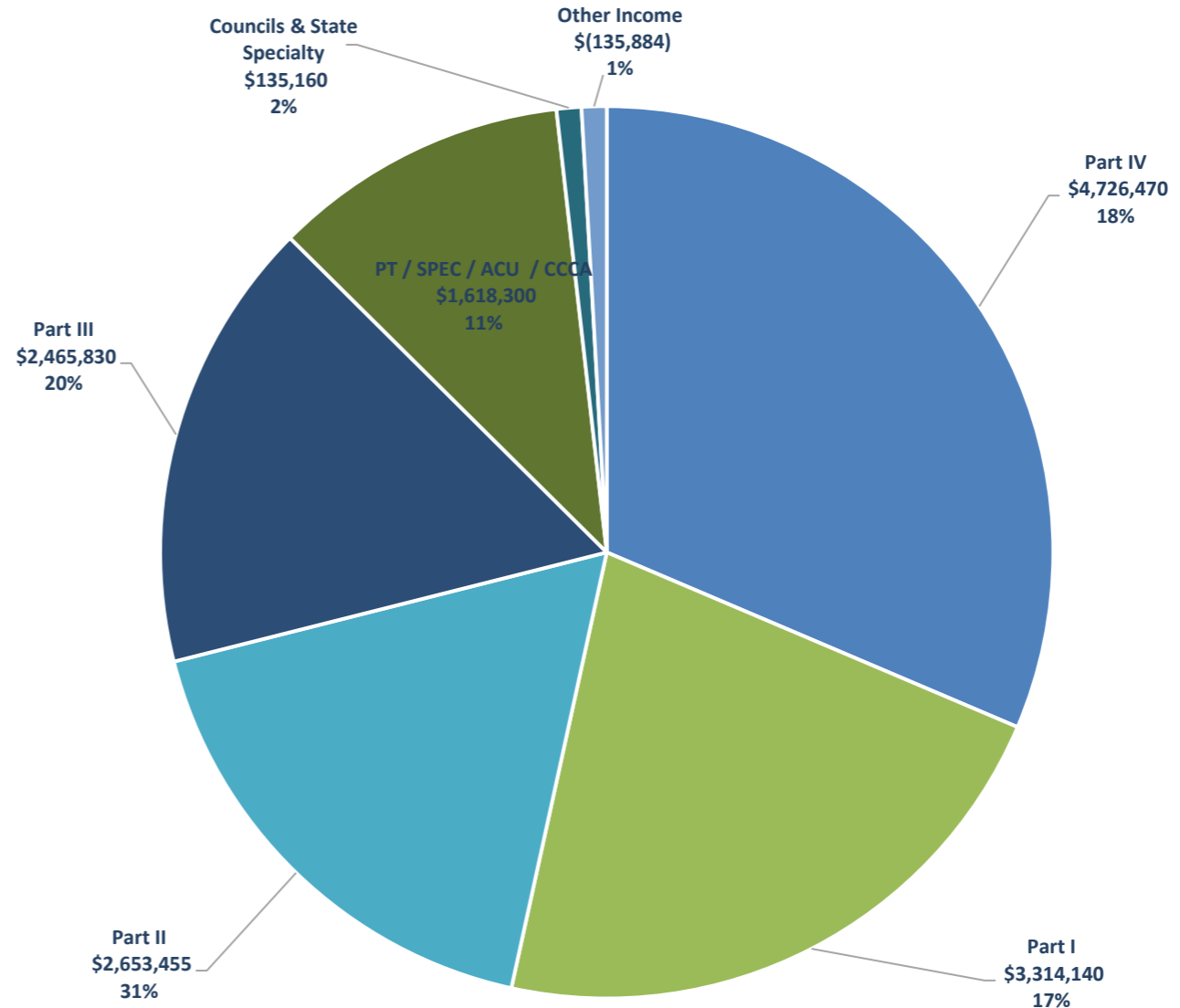




2023 Operating Revenues

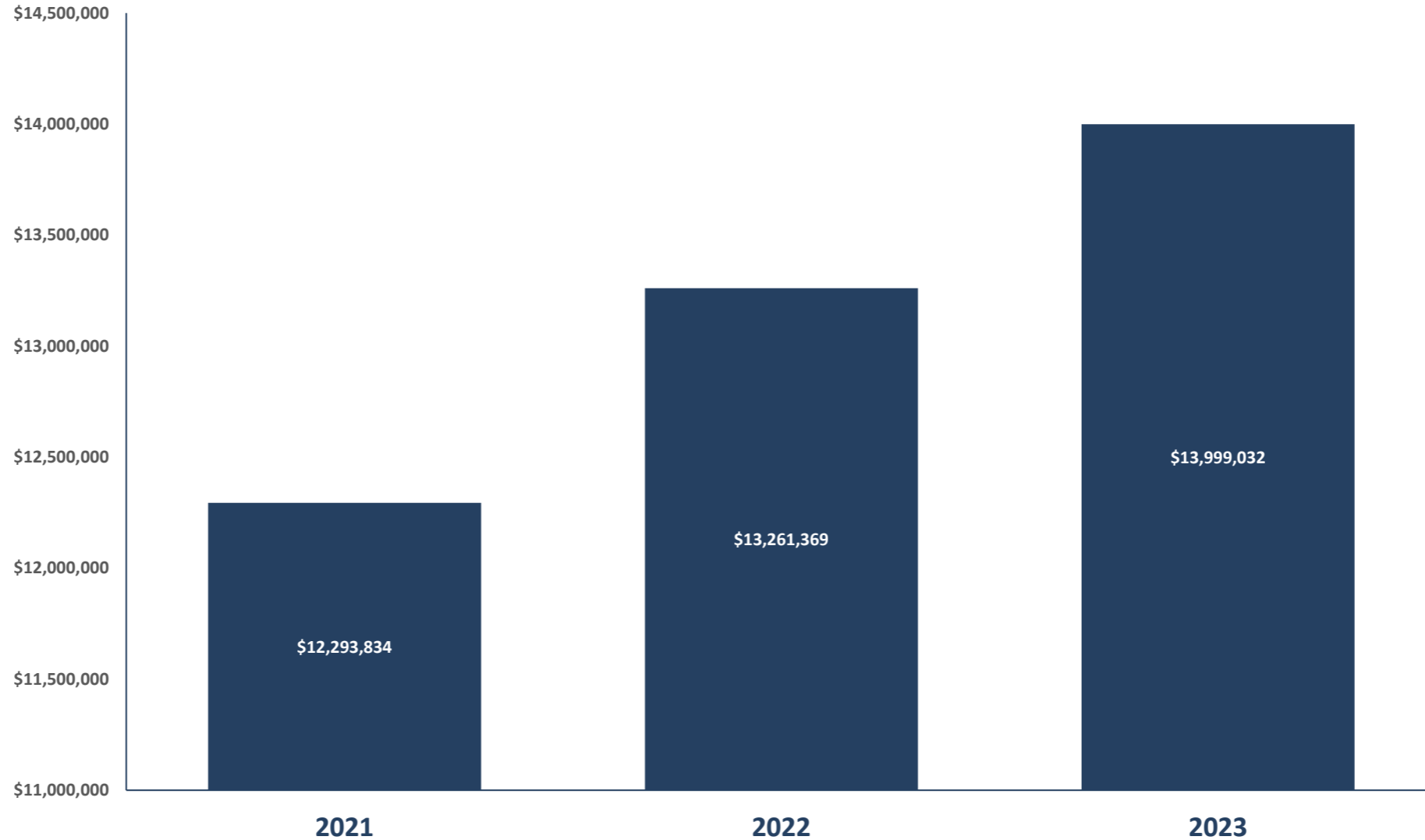
**Total
Operating
Revenue
\$14,777,471**

**(\$644,206 decrease
from 2022)**





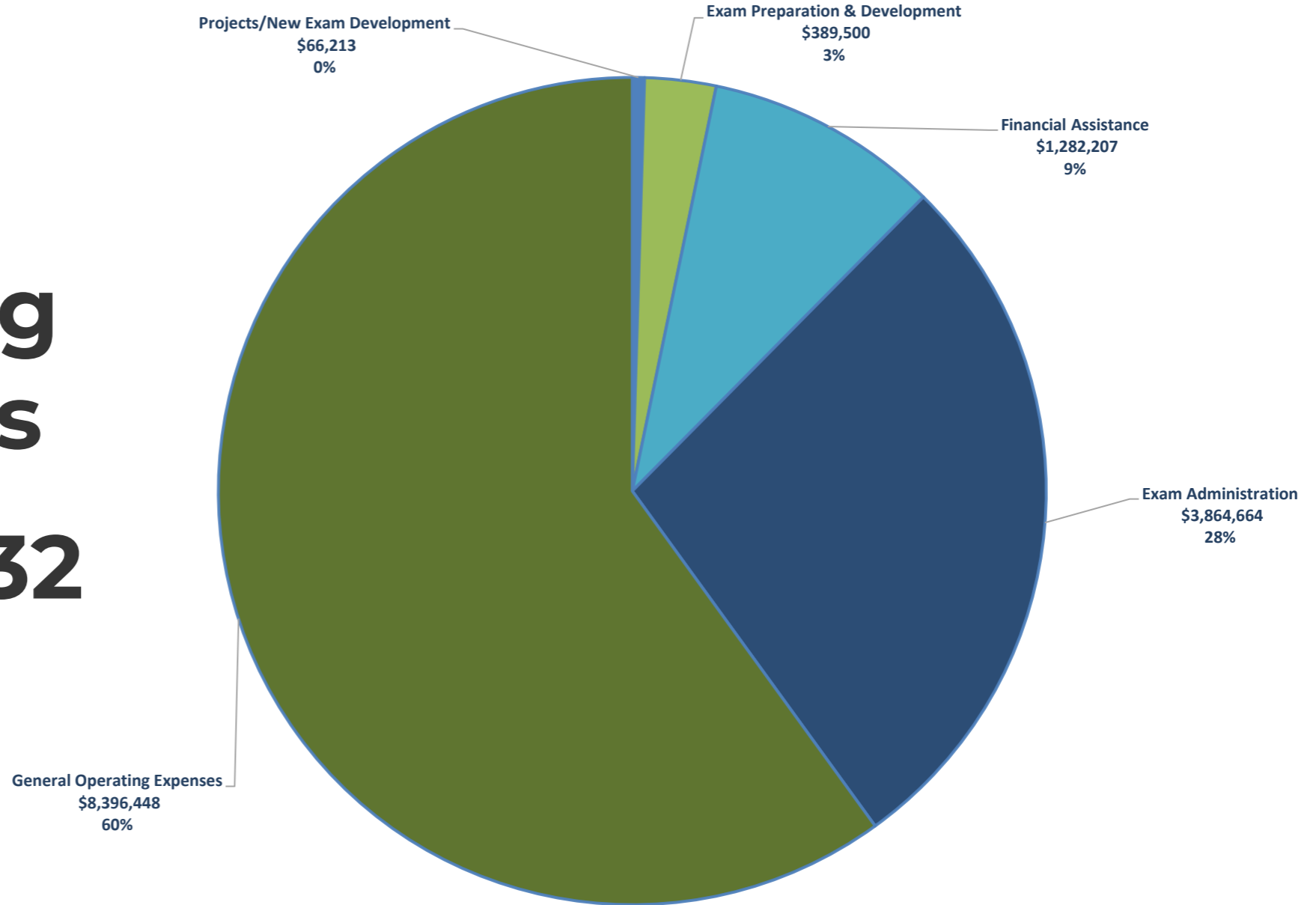
Operating Expenses





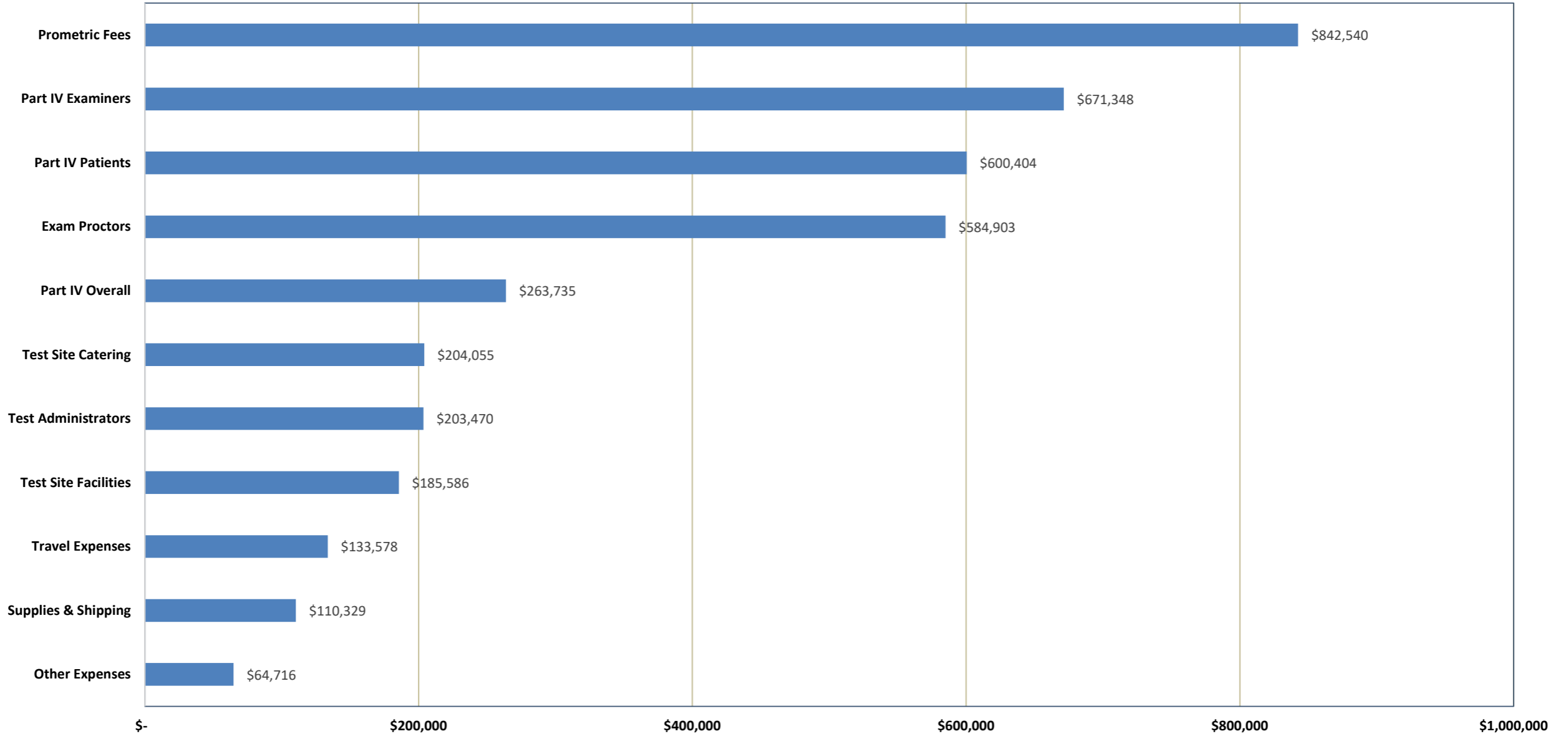
NBCE Expense Categories

**2023
Operating
Expenses
\$13,999,032**





2023 DIRECT Exam Administration Costs

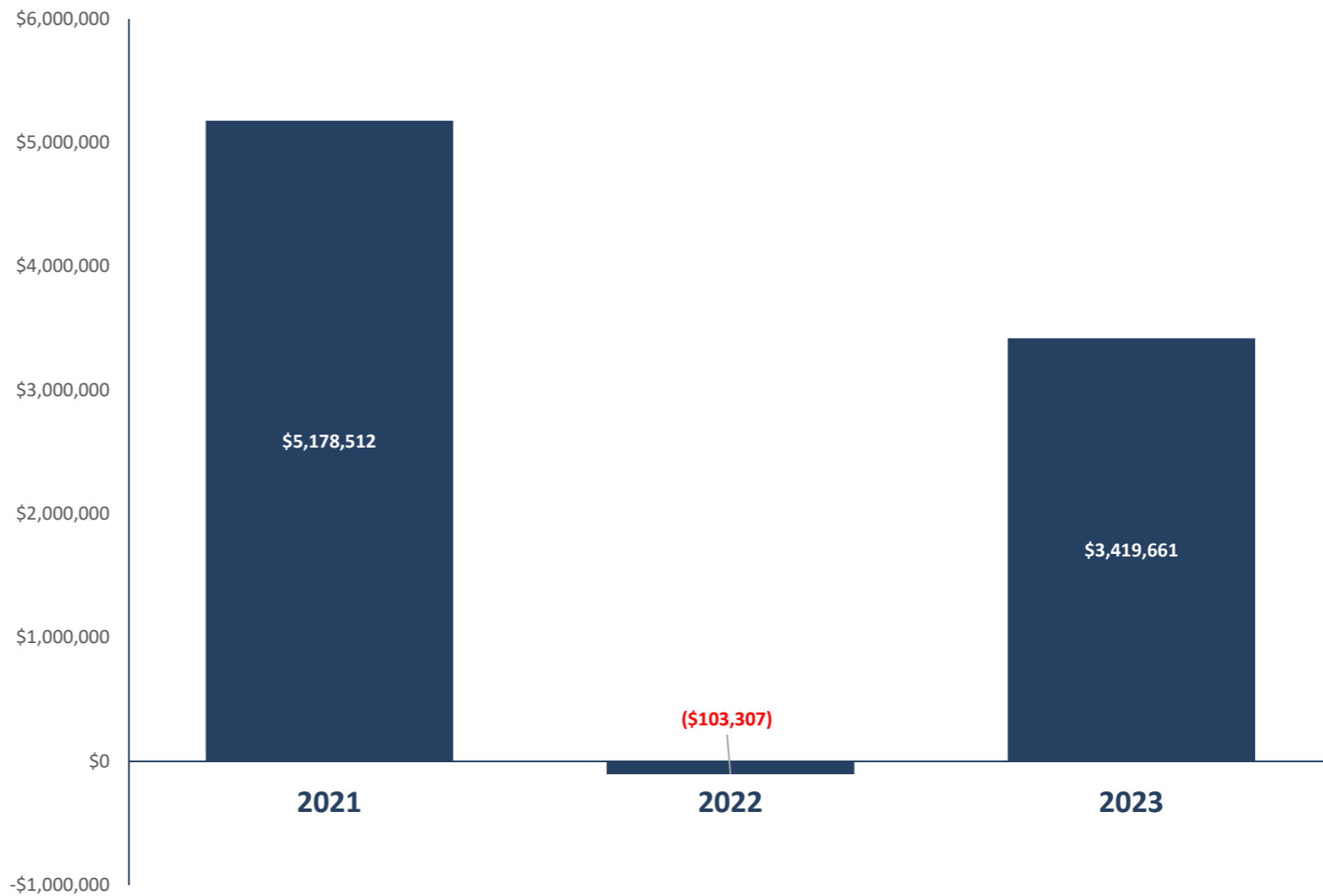




Increase (Decrease) In Net Assets



The Bottom-Line



Debunking the Nonprofit Myth



Despite how the name sounds, non-profit organizations are allowed to make a profit and must make a profit to be sustainable.



Making a profit is not our objective, but it is essential to the health of the organization.



Over the past five years, the COVID pandemic, rising interest rates, inflation, and an unstable economy have brought to light how important it is for non-profits to have sufficient reserves.



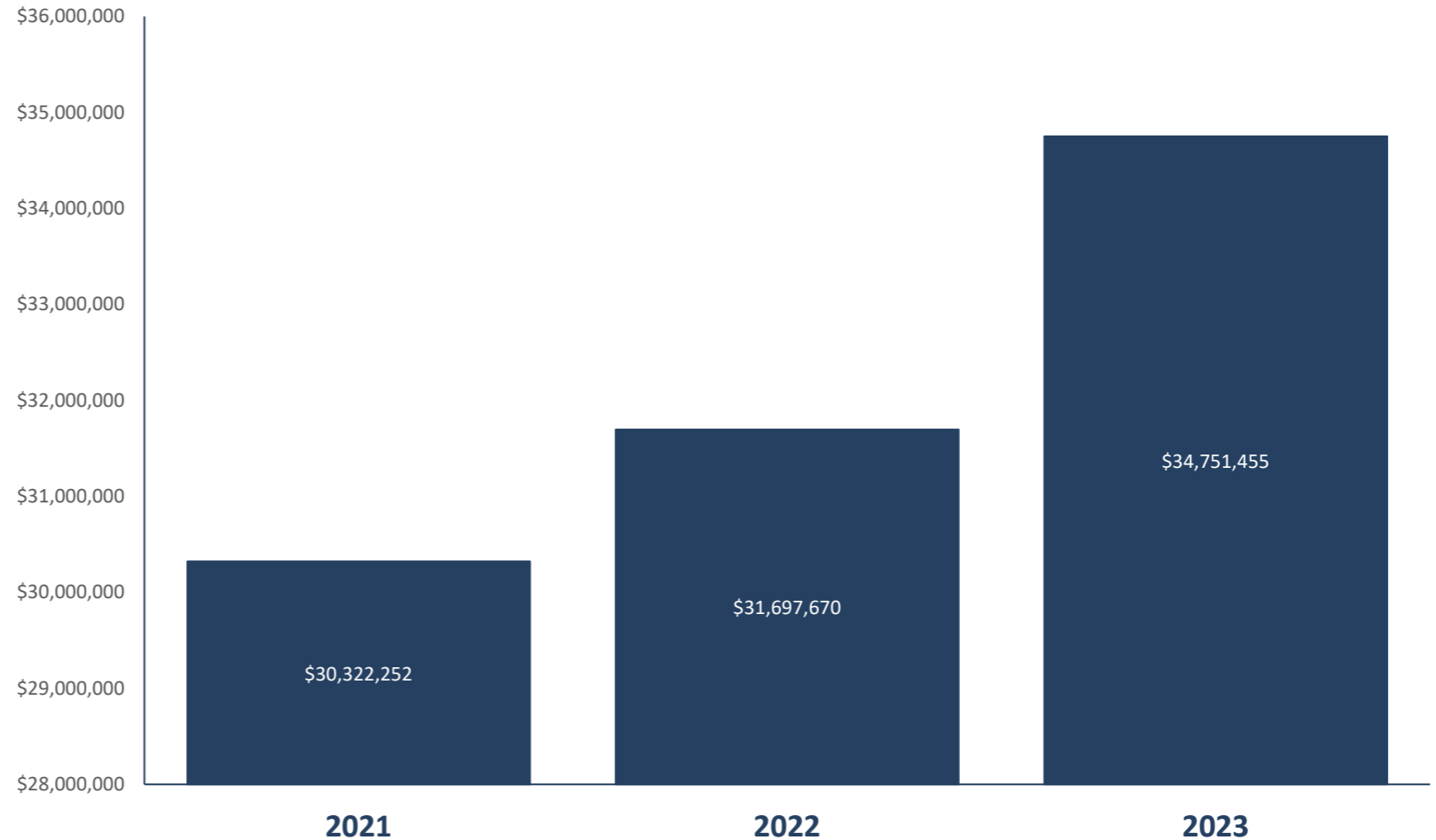
Building Our Reserve



Purpose:

To build and maintain an adequate level of financial reserves to support NBCE's day-to-day operations 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.

NBCE RESERVE





Building Our Reserve

How?

1. 100% of Net Investment Income

2. 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



Four Reserve Buckets

Sustaining Fund

- To protect the NBCE in the event of uninsurable loss or litigation; to offset a loss of revenue from exam activities; or, to offset an operating loss on rental activities.

Infrastructure Fund

- To fund the repair, replacement, or expansion of critical technology or facility infrastructure.

Innovation Fund

- To fund initiatives requiring significant development or start-up costs.

Financial Assistance Fund

- To provide financial support to the chiropractic profession.



Use of Reserve

Part IV Advancement & Development Project

Centralized Testing Center

\$11,000,000



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