



Report of the Treasurer

119th NABP Annual Meeting
May 10-12, 2023

Presented by:

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Greetings, and good afternoon my friends.

This year, I was honored – and challenged – to serve as your treasurer. Stepping into this role during

a turbulent financial climate can present challenges. And I was not sure what to expect in a post-pandemic world, in which the economy was being impacted by supply chain issues, a war, inflation, and numerous other forces. Many in this room and organizations all over the world felt the impact, and NABP did not escape completely. However, even with the external and internal pressures, I'm pleased to report to you today that NABP's fiscal position remains strong and stable.

During this presentation, I'll walk you through a breakdown of that fiscal strength by taking a high-level look at nearly every aspect of the Association.

To begin, let's zoom in on NABP's programs and services, starting with examinations. Our examinations have generated the highest amount of revenue for the Association over the past several years and incurred some of the highest expenditures.

For 2022, NAPLEX administrations increased by 1% when compared with the previous year. And MPJE administrations increased by 6%.

While the Pre-NAPLEX has grown in popularity since NABP began offering it, 2022 saw a decrease of about 10% compared to 2021, with 13,326 administrations. Meanwhile, the Pre-MPJE had 10,260 administrations, representing a smaller decrease of 1% compared to the previous year.

Figures for FPGEE, Pre-FPGEE, and PCOA administrations are also on screen.

Thus, overall, the examination programs performed well as a result of the continued demand from new pharmacists and those transferring a license.

Speaking of license transfers, let's shift focus to the Electronic Licensure Transfer Program. E.L.T.P. remains a vital program, particularly as license portability continues to be essential to pharmacists' ability to practice. That's even more important during a time when staffing shortages have made it difficult for some pharmacies to find qualified and licensed pharmacists to fill open positions. In 2022, licensure transfer requests remained virtually unchanged compared to 2021. The program received a total number of 17,843 applications from 12,865 applicants.

An additional service that plays a vital support role for licensure decisions is the NABP Clearinghouse. Your contributions as members are vital to maintaining the Clearinghouse as a useful and accurate source of licensure disciplinary information. I ask you to continue reporting disciplinary

actions to the Clearinghouse in support of our shared mission to protect public health by ensuring all boards of pharmacy have what they need to make the most informed licensure decisions possible.

During 2022, there was a small 1% decrease in submissions compared to 2021. As a representative of the Executive Committee, I strongly encourage all states and jurisdictions to continue participating in the Clearinghouse and to submit records in a timely manner to maximize the effectiveness of this program. NABP Member Relations and Government Affairs may be able to assist if you are interested in finding ways to streamline this process with an automated data exchange.

The Association's accreditation and inspection programs also play a significant role in helping to keep medication delivery and pharmacy practice safe for patients. After many severe restrictions in light of the pandemic, these programs have largely been able to resume, and steps have been taken to ensure the safety of inspectors and pharmacy staff.

In 2022, NABP accreditation programs continued to offer vital services to customers, while also serving as a method to help protect patients from unsafe pharmacy business practices.

Let's pause for a moment and talk about how NABP uses revenue. The money received from examination and eLTP fees, as well as from the

Association's accreditation programs, is constantly reinvested into a vast network of the Association's other services that are not intended to raise revenue. These programs include important services, such as NABP's RogueRx Activity Reports and the NABP e-Profile system. In addition, NABP's committees and task forces, which support the Association's goals as well as responses to new and ongoing issues affecting pharmacy practice and regulation, are also funded by this revenue.

General and administrative costs include core Association services provided by departments such as Member Relations and Government Affairs, Federal Affairs, Legal Affairs, and Professional Affairs. These departments work directly with our member boards to assist with numerous projects.

This category also includes administrative support expenses, which break down further to items such as information technology, accounting, and customer engagement. Among those investments are continued improvements and upgrades to the e-Profile system and efforts to ensure all NABP data are protected by sophisticated and robust security systems.

As always, the Executive Committee is aware of the financial challenges our member boards often face, particularly in these uncertain times. Financial management by the Executive Committee has allowed our Association to provide NABP PMP InterConnect at no cost to our member boards, so they can focus their resources on supporting PMP operations. Since PMP InterConnect's launch in 2010, our Association has invested \$1.85 million in its software development and \$7.1 million in its operation.

The fiscal strength of the Association can be seen in both its overall assets and the reserve funds it maintains for various purposes. In 2022, total NABP assets decreased 13%, due to losses from investments. NABP reserve funds decreased by 12% in 2022. Those reserve funds include:

- undesignated reserves;
- examination program reserves;
- accreditation program reserves; and
- self-insurance reserves.

These reserves provide an incredibly important safety net that allows the Association to act quickly on behalf of our member boards in response to crises or threats to public health, to cover unexpected program expenses, and to ensure programs are maintained and improved over time.

The NABP Foundation – the Association's research and development vehicle – includes two key programs: **NABPLAW** Online and the State Newsletter Program. Boards of pharmacy participating in the State Newsletter Program find the service to be extremely helpful in communicating important news and other information to their licensees. The service's high level of editorial service and flexible production dates provide even more value as board staff and resources are under more pressure.

The Foundation's financials remained strong in 2022, due to the prudent management of its programs.

Foundation expenses increased in 2022 due to an increase in grant expenditures during the year.

Careful management of funds and dedication to sound long-term planning means the Foundation can and will continue to provide research and development funding to programs and services that

support our member boards of pharmacy in many endeavors.

I am particularly proud that, in 2022, the Association provided \$2.1 million in services and support, which included educational and charitable activities, as well as activities undertaken to alleviate government burden. Those educational outreach efforts included:

- sterile compounding inspection training for 24 board of pharmacy inspectors; and
- forums for our member boards' executive officers and members.

NABP has also continued offering support in the form of charitable activities. This includes the armed forces discount for the NAPLEX, MPJE, and eLTP, which accounted for \$350,000.

Each year, our Association undergoes a comprehensive financial audit. Our auditors, Calibre CPA Group, PLLC, found NABP and the NABP Foundation to be in sound financial order.

As I wrap up this presentation, I'd like to offer special thanks to Larry Strass, NABP's chief financial officer who retired earlier this year, and Therese Ertler, an NABP staff controller who has been an incredible resource during my term. They, and the rest of their team deserve thanks for their hard work for the Association and their help this year. And thank you to the NABP teams, member boards, and professional partners in the room for collaborating on the development of new and meaningful programs that increase connectivity, enabling innovation to create solutions and improve lives.

Finally, thank you again for the opportunity to serve as your treasurer this year. I have enjoyed the experience and look forward to continuing to work with the Executive Committee in the coming years.

NABP 2023 Operating Budget

Revenue

Examination, Licensure, and Accreditation Programs	\$ 42,079,925
State Membership Dues	16,250
Publication Fees	49,115
Convention/Conference Registrations and Contributions	250,525
Investment Income	1,655,777

Total Revenue **\$ 44,051,592**

Operating Expenses

Program Expenses \$ 28,530,659

Consulting, Convention/Conferences Program/Speaker Expense, Examination Content Expenses, Honoraria, Licensure Program Expense, Photographs, Printing, Salaries and Benefits, Seminars, and Testing Examination Fees

General & Administrative Expenses \$ 15,757,580

Accounting/Audit Fees, Building Maintenance, Contributions, Copying, Equipment Rental and Maintenance, Insurance, Investment Fees, Legal Fees, Library, Memberships and Dues, Postage, Printing, Public Relations, Salaries and Benefits, Shipping, Supplies, Telephone, Temporary Help, and Utilities

Total Operating Expense **\$ 44,288,239**

Net Budgeted Revenue and Expenses from Operations \$ (236,648)

Capital Improvements and Systems Upgrades \$ 722,480

Computers, Computer Software, Building Equipment, Office Equipment, and Furniture

Net Budgeted Revenue and Expenses **\$ (959,128)**