

# NAB CORE and RCAL Financial Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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# Table of Contents

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>5</b>
<b>Answers</b> .....	<b>8</b>
<b>Explanations</b> .....	<b>10</b>
<b>Next Steps</b> .....	<b>16</b>

SAMPLE

# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

**Remember:** successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## **1. Start with a Diagnostic Review**

**Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.**

## **2. Study in Short, Focused Sessions**

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.**

## **3. Learn from the Explanations**

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## **4. Track Your Progress**

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## **5. Simulate the Real Exam**

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## **6. Repeat and Review**

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!**

## Questions

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- 1. Which term is described as the increasing costs due to higher resident acuity?**
  - A. Cost Creep**
  - B. Amortization**
  - C. FICA**
  - D. Assets**
  
- 2. Bodily injury, property damage, medical payments, collision, and comprehensive coverage for physical vehicle damage are all types of what?**
  - A. Auto Insurance**
  - B. Homeowners Insurance**
  - C. Life Insurance**
  - D. Disability Insurance**
  
- 3. Directors and Officers Liability Insurance is designed to cover which type of risk?**
  - A. Wrongful acts**
  - B. Intellectual property infringement**
  - C. Environmental violations**
  - D. Traffic violations**
  
- 4. Net Profit Margin is calculated as Net Income divided by which metric?**
  - A. Revenue**
  - B. Total assets**
  - C. Total liabilities**
  - D. Shareholders' equity**
  
- 5. HIPPA CONT states that disclosure without patient consent is allowed for which purposes?**
  - A. Providing treatment, obtaining payment, performing non-treatment operational tasks**
  - B. Marketing and selling data**
  - C. Research without consent only**
  - D. Public health reporting only**

- 6. Non-for-profit is best described as which of the following?**
- A. Mission based, receive contributions**
  - B. Operates to maximize profits for shareholders**
  - C. Pays corporate taxes on profits**
  - D. Primarily engages in government contracts**
- 7. Which term describes an organization with the primary goal of earning profits for owners?**
- A. for-profit**
  - B. nonprofit**
  - C. government**
  - D. cooperative**
- 8. Which term best describes the overall profitability metric for a period?**
- A. Income Statement**
  - B. Balance Sheet**
  - C. Cash Flow Statement**
  - D. Statement of Financial Position**
- 9. What best describes a Balance Sheet?**
- A. A snapshot of an organization's financial position at a given moment.**
  - B. A financial statement that shows the flow of money in and out of the business.**
  - C. A measure of financial flow over time.**
  - D. A summary of net income and expenses for the period.**
- 10. What is the nonprofit balance sheet commonly called?**
- A. Statement of financial position**
  - B. Balance of funds**
  - C. Profit and loss statement**
  - D. Cash flow statement**

## Answers

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1. A
2. A
3. A
4. A
5. A
6. A
7. A
8. A
9. A
10. A

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## **Explanations**

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**1. Which term is described as the increasing costs due to higher resident acuity?**

**A. Cost Creep**

**B. Amortization**

**C. FICA**

**D. Assets**

Costs rise as resident care gets more intense, because higher acuity means more staffing hours, more specialized equipment, and often longer stays. This gradual increase in expenses tied to greater care needs is described as cost creep. Amortization is about spreading the cost of an asset over its useful life, FICA is a payroll tax, and assets are the resources a facility owns. So the rising costs driven by higher resident acuity best fit cost creep.

**2. Bodily injury, property damage, medical payments, collision, and comprehensive coverage for physical vehicle damage are all types of what?**

**A. Auto Insurance**

**B. Homeowners Insurance**

**C. Life Insurance**

**D. Disability Insurance**

These coverages are all parts of auto insurance. Bodily injury coverage helps pay for injuries you cause to others in an accident. Property damage coverage handles damage you cause to someone else's property, like another vehicle or a fence. Medical payments coverage assists with medical costs for you and passengers in your car, regardless of who is at fault. Collision coverage pays to repair or replace your own car after a collision with another vehicle or a solid object. Comprehensive coverage covers damage to your car from non-collision events such as theft, fire, vandalism, or natural disasters. Taken together, these components describe the kinds of protection provided by auto insurance. Other types like homeowners, life, or disability insurance cover different risks not specific to operating a vehicle.

**3. Directors and Officers Liability Insurance is designed to cover which type of risk?**

- A. Wrongful acts**
- B. Intellectual property infringement**
- C. Environmental violations**
- D. Traffic violations**

Directors and officers liability coverage protects individuals serving in governance roles from financial losses due to claims of wrongful acts they commit in their official capacity. It covers defense costs and settlements or judgments arising from lawsuits or regulatory actions alleging mismanagement, errors in judgment, breaches of fiduciary duty, or misleading statements related to their duties. This emphasis on alleged governance-related wrongs is what makes it the appropriate coverage for this risk. For example, if a board member signs off on a transaction that harms shareholders and a suit follows alleging breach of fiduciary duty, D&O would help with the defense and any resulting damages. Intellectual property infringement, environmental violations, or traffic violations involve different risks and would typically be addressed by other types of coverage, not the core D&O policy.

**4. Net Profit Margin is calculated as Net Income divided by which metric?**

- A. Revenue**
- B. Total assets**
- C. Total liabilities**
- D. Shareholders' equity**

Net profit margin shows how much profit is earned from every dollar of sales. To express this as a ratio, you compare net income to revenue, so the calculation is net income divided by revenue (and you typically multiply by 100 to get a percentage). Revenue is the appropriate base because it reflects the scale of business activity—the sales the company generated—so the margin indicates profitability per unit of sales. Using total assets or total liabilities would measure efficiency or leverage, not profit per sale, and using shareholders' equity would measure return on equity, which is profit relative to investor funding rather than revenue. For example, if net income is 50 and revenue is 200, the net profit margin is 25%.

**5. HIPAA CONT states that disclosure without patient consent is allowed for which purposes?**

- A. Providing treatment, obtaining payment, performing non-treatment operational tasks**
- B. Marketing and selling data**
- C. Research without consent only**
- D. Public health reporting only**

Under HIPAA, certain disclosures can be made without asking the patient for permission because they are essential to delivering care and keeping the healthcare system running. The main categories are treatment, payment, and health care operations. Treating a patient often involves sharing information with other clinicians who are involved in the patient's care, so coordination and continuity of treatment happen smoothly. For payment, information can be shared with insurers, billing services, and others involved in obtaining or processing payment. Health care operations cover the administrative and quality activities that keep a practice functioning, such as quality assessment, training, credentialing, and certain business and planning tasks. These purposes allow disclosures without explicit authorization, as long as only the minimum necessary information is shared and appropriate safeguards are in place. The other options don't fit as well because marketing and selling data typically require patient authorization; research usually requires consent or a formal waiver process; and while public health reporting is allowed, it's not the sole purpose for which disclosures may be made without consent. The combination of treatment, payment, and health care operations best reflects what is routinely permitted without patient authorization.

**6. Non-for-profit is best described as which of the following?**

- A. Mission based, receive contributions**
- B. Operates to maximize profits for shareholders**
- C. Pays corporate taxes on profits**
- D. Primarily engages in government contracts**

Nonprofits are defined by a mission-driven purpose rather than profit distribution. They aim to advance a charitable, educational, or social goal and reinvest any surplus back into that mission instead of paying it out to owners or shareholders. Funding typically comes from contributions and donations, grants, and philanthropic sources. They aren't in business to maximize profits for shareholders, and they generally don't pay corporate taxes on income tied to their exempt purpose (though there can be tax rules for income unrelated to that purpose). Government contracts or funding may be involved, but the defining idea is being mission-based and supported by contributions.

**7. Which term describes an organization with the primary goal of earning profits for owners?**

- A. for-profit**
- B. nonprofit**
- C. government**
- D. cooperative**

Profit motive is the key idea. An organization whose primary aim is to earn profits for owners or shareholders is described as for-profit. These entities reward owners with earnings through dividends or share value growth and may reinvest profits for growth or distribution. This contrasts with nonprofits, which focus on a mission and reinvest any surplus back into programs rather than distributing profits to private owners. Government entities operate to provide public services funded by taxes, not to earn profits for owners. Cooperatives are owned by their members, and profits go to member benefits or patronage refunds rather than to external owners.

**8. Which term best describes the overall profitability metric for a period?**

- A. Income Statement**
- B. Balance Sheet**
- C. Cash Flow Statement**
- D. Statement of Financial Position**

Profitability over a period is shown by the income statement. It tracks all revenues and expenses for a defined timeframe and delivers net income, which is the bottom-line measure of how profitable the entity was during that period. The balance sheet instead reflects the financial position at a single point in time—listing assets, liabilities, and equity. The cash flow statement tracks actual cash inflows and outflows, not profitability per se. And the term “Statement of Financial Position” is just another name for the balance sheet, not a profitability measure. So, the income statement is the best descriptor of overall profitability for a period.

**9. What best describes a Balance Sheet?**

- A. A snapshot of an organization's financial position at a given moment.**
- B. A financial statement that shows the flow of money in and out of the business.**
- C. A measure of financial flow over time.**
- D. A summary of net income and expenses for the period.**

Balance sheet shows a company's financial position at a specific moment. It lists what the organization owns (assets), what it owes (liabilities), and the owners' claim (equity) as of one date. This creates a snapshot that reflects the accounting equation: Assets equal Liabilities plus Equity. The other descriptions describe flows or performance over time, not the position at a single point. A statement that shows the flow of money in and out corresponds to the cash flow statement. A measure of financial flow over time aligns with performance over a period, like the income or profit and loss statement. A summary of net income and expenses for a period is the income statement.

**10. What is the nonprofit balance sheet commonly called?**

**A. Statement of financial position**

**B. Balance of funds**

**C. Profit and loss statement**

**D. Cash flow statement**

In nonprofit accounting, the balance sheet is a snapshot of what the organization owns and owes at a specific date, shown as assets, liabilities, and net assets. It is commonly called the statement of financial position because it presents the organization's financial position at that point in time, with net assets replacing what for for-profit entities would be owners' equity. The phrasing emphasizes the current status of resources and obligations rather than flows over a period. The other reports cover different things: a profit and loss statement (often called the statement of activities) shows revenues and expenses over a period; a cash flow statement tracks cash inflows and outflows. "Balance of funds" isn't a standard title in nonprofit reporting.

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## Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://nabcorercalfinancial.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**

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