

20 | **PERSEVERE** | 21



NASBA
2021 ANNUAL REPORT

PERSEVERE

Founded in 1908, NASBA serves as a forum for the nation's 55 State Boards of Accountancy, which administer the Uniform CPA Examination, license more than 650,000 Certified Public Accountants and regulate the practice of public accountancy in the United States.

NASBA accomplishes its mission of enhancing the effectiveness and advancing the common interests of the Boards of Accountancy by creating innovative avenues for accounting regulators, educators and practitioners alike to address emerging issues relevant to the viability of the accounting profession. NASBA also makes available to member boards a rich portfolio of products and services – all designed to effectively aid Boards of Accountancy in their mission of ensuring public protection.

As an extension of NASBA's core mission, the NASBA Center for the Public Trust (CPT) continues to provide a platform for corporate America, academia and the accounting profession to explore, promote and advance ethical behavior through business and leadership.

This annual report illustrates the numerous ways in which NASBA continues to support Boards of Accountancy and build trust as a leader in the accounting profession. The report also provides stakeholders with insights into NASBA's leadership, member involvement, products and services and fiscal management.

Table of Contents

Leadership	2
Board of Directors	4
Executive Staff and Directors	6
NASBA Representatives	7
Regional Map	9
Committees	10
NASBA Center for the Public Trust	34
Year in Review	36
Products and Services	38
Financial Statements	45

LETTER FROM NASBA LEADERSHIP

In July of this year, following the first face-to-face NASBA Board of Directors meeting in over a year, NASBA leadership was optimistic and looking forward to reuniting the NASBA family for the 2021 NASBA Annual Meeting in San Diego, CA. There were reasons for the optimism. COVID-19 vaccinations were proven to be safe and highly effective, and the rate of infections was slowing. Then the trends began to change. The rate of vaccinations stalled out and the new Delta variant rapidly caused the rate of infections to dramatically increase across the United States and the world.

In our discussions about the Annual Meeting, we had chosen "Rebound" as the theme of this year's conference to recognize and celebrate the beginning of our path to normalcy. As developments became more challenging, we facetiously discussed putting a big X through "Rebound" and changing the theme to "Resurgence." More seriously, we realized that the increasing rate of infections, hospitalizations and deaths was no laughing matter. Further, we recognized that as an organization, we have performed well through these challenges, and it was critical that we continue to maintain our focus on the safety and wellbeing of our staff, volunteers and stakeholders. Thus, the decision was made to once again transition to a virtual conference titled "Persevere" for 2021.

The definition of "persevere" – persistence in doing something despite difficulty in achieving success – accurately describes what 2021 has been like for NASBA. While there were unprecedented challenges and obstacles to overcome, the leadership of NASBA was steadfast in ensuring that all critical services to State Boards of Accountancy were maintained, and that new initiatives and programs continued to advance. We are pleased to report that we have been successful in those endeavors. NASBA has not only persevered in maintaining and improving our services to state boards, but we have also been able to operate conservatively and continue to maintain a viable financial position.

As we are all disappointed that we have not been together in person for some time, the implementation of virtual meetings has at least given us face time with one another. The dialog and interaction between state boards, executive directors and other NASBA stakeholders has not only continued but has arguably increased. We are now considering how we can maintain that level of intra-communication in a post pandemic new normal.

A tremendous success this past year has been the progression of the CPA Evolution initiative. This level of cooperation between NASBA, AICPA, state boards, state societies, and educators has not been achieved since the challenges of the CPA Mobility implementation over a decade ago. The impact on NASBA is major as it related to capacity, financial impact, and staff and volunteer commitment. Leadership is happy to report that the initiative is progressing as planned with the expectation of an on-time delivery and implementation.

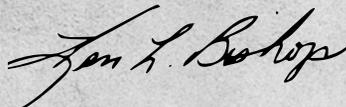
CPA Evolution is not the only initiative that advanced in 2021. With the declining number of accounting students and CPA Examination candidates, the CPA pipeline has become one of our highest priorities. Everyone is aware of the demographic data, which clearly indicates the number of college admittance aged youth is projected to continue to decrease. The competition to attract the best and brightest students toward professions will be great. NASBA leadership has identified "pipeline" and having an adequate number of CPAs to replace the retiring baby boomers as a public protection issue. We are working closely with the AICPA to coordinate our pipeline efforts, and we are dedicating staff and resources to this endeavor.

In his inaugural remarks last year, NASBA Chair Carlos Barrera emphasized his dedication and focus on NASBA's diversity initiatives. In 2021, not only have we maintained the diversity balance of NASBA leadership and staffing, but we have also continued to explore new initiatives and have launched new programs through our Diversity Committee, our pipeline efforts and through an effort to establish new NASBA Center for the Public Trust student chapters on Historically Black College and University (HBCU) campuses. Though we are proud of our accomplishments in the area of diversity, we recognize there is much more to do. NASBA leadership is dedicated to this effort.

In 2021, NASBA's leadership, volunteers and professional staff have demonstrated our ability to persevere. Similarly, state boards have proven that despite the obstacles related to COVID-19 including remote work, virtual meetings and hearings, financial impact and loss of staff, they have been able to continue to provide the profession with continuity of licensing and services while protecting the public. NASBA leadership has never been prouder of our relationship and dedication to our State Boards of Accountancy.



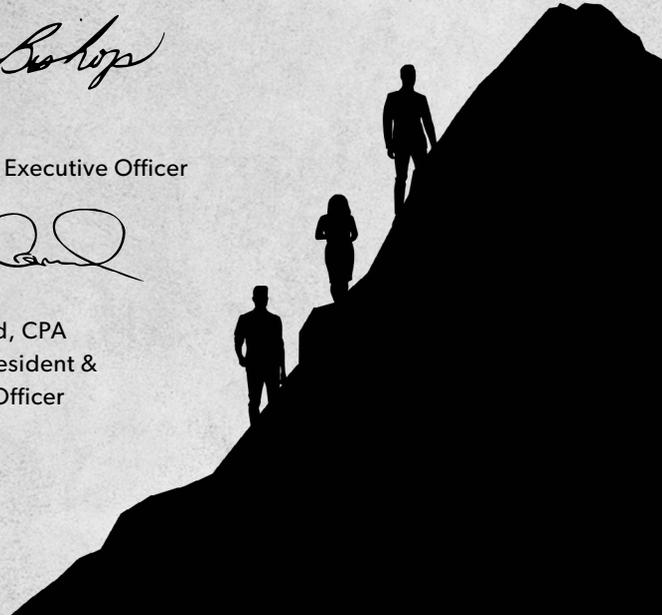
A. Carlos Barrera, CPA
Chair, 2020-2021



Ken L. Bishop
President & Chief Executive Officer



Colleen K. Conrad, CPA
Executive Vice President &
Chief Operating Officer





BOARD OF DIRECTORS

— 2020-21 —

OFFICERS

A. Carlos Barrera, CPA
Chair

W. Michael Fritz, CPA
Vice Chair

Laurie J. Tish, CPA
Past Chair

Richard N. Reisig, CPA
Treasurer

Stephanie M. Saunders, CPA
Secretary

EXECUTIVE DIRECTORS'

LIAISON

Kent Absec

PRESIDENT & CEO

Ken L. Bishop

DIRECTORS-AT-LARGE

Catherine R. Allen, CPA
Director-at-Large

J. Coalter Baker, CPA
Director-at-Large

Jimmy E. Burkes, CPA
Director-at-Large

John F. Dailey, Jr., CPA
Director-at-Large

Tyrone E. Dickerson, CPA
Director-at-Large

Sharon A. Jensen, CPA
Director-at-Large

Nicola Neilon, CPA
Director-at-Large

REGIONAL DIRECTORS

Alison Houck Andrew, CPA
Middle-Atlantic Regional Director

J. Andy Bonner, Jr., CPA, CGMA
Southeast Regional Director

Lynn V. Hutchinson, CPA, CGMA
Southwest Regional Director

Stephen F. Langowski, CPA
Northeast Regional Director

Faye D. Miller, CPA
Central Regional Director

Jason D. Peery, CPA
Mountain Regional Director

Katrina Salazar, CPA
Pacific Regional Director

Kenya Y. Watts, CPA
Great Lakes Regional Director





Front row (floor level), left to right: Stephanie Saunders (VA), Richard Reisig (MT), Laurie Tish (WA), Carlos Barrera (TX), Ken Bishop (NASBA), and Michael Fritz (OH). Second row, left to right: Tyrone Dickerson (VA), Jimmy Burkes (MS), Colleen Conrad (NASBA), John Dailey (NJ), Sharon Jensen (MN), Faye Miller (ND), Lynn Hutchinson (LA), Katrina Salazar (CA), Alison Houck Andrew (DE), Nicola Neilon (NV) and Kenya Watts (OH). Third row (on stairs), left to right: Andy Bonner (TN), Jason Peery (ID), Stephen Langowski (NY), Michael Bryant (NASBA), Kent Absec (ID) and Coalter Baker (TX). Not pictured: Catherine Allen (NY).

EXECUTIVE STAFF AND DIRECTORS

Alfonzo Alexander	Chief Ethics and Diversity Officer & CPT President
Kyle Barrier	Associate Director, NASBA International Evaluation Services
Michael R. Bryant, CPA	Senior Vice President & Chief Financial Officer
Maria-Lisa Caldwell, Esq.	Chief Legal Officer and Director, Compliance Services
Colleen K. Conrad, CPA	Executive Vice President & Chief Operating Officer
Shelly Crosby	Associate Director, Client Services
Lisa Dampf	Chief Human Resources Officer
Sandra Davidson, CPA	Chief Financial Officer, NASBA Center for the Public Trust
Daniel J. Dustin, CPA	Vice President, State Board Relations
Cheryl Farrar	Chief Information Officer
Cassandra Gray	Associate Director, Communications
Roy Hall	Chief Information Security Officer
Patricia Hartman	Director, Client Services
John Johnson	Director, Legislative & Governmental Affairs
Thomas Kenny	Chief Communications Officer
Christy Long	Associate Director, Human Resources
Jessica Luttrull, CPA	Associate Director, National Registry
Chris Mays	Associate Director, Client Services
Sheena Murphy, CPA	Director, CPA Exam Review Board
James Polite	Director, Program Management
Amy Tongate	Associate Director, CPE Services
Troy A. Walker, CPA	Director, Finance and Controller



VOICES IN THE ACCOUNTING WORLD

2020 - 2021 NASBA REPRESENTATIVES

Serving on Regulatory Bodies & Professional Accounting Organizations

AICPA Accounting and Review Services Committee

Barclay Bradshaw (2021)
Tom Prothro

AICPA Auditing Standards Board

Tracy Harding (Chair)
Sherry Chesser
Jeannie Dee
Horace Emery
Clay Huffman

AICPA Board of Examiners

Barry Berkowitz
Allan Cohen
James Corley
David DeSilva
James Gottfried
Steve Grice
Nicola Neilon
Joshua Partlow
Kathy Smith
David Vaudt (2021)

AICPA Board of Examiners Content Subcommittees

Nancy Corrigan
Paul Kelly, III
Sara Mikuta
Gerald Weinstein

AICPA Board of Examiners State Board Committee

James Gottfried (Chair) (2021)
Kent Absec
Michael Barton
William Hunter Cook
David DeSilva
Wendy Garvin
Michael Guinigundo (2021)
Angela Pannell (2021)
Sheri Risler
Katrina Salazar
Viki Windfeldt
Jennifer Winters (2021)

AICPA National Peer Review Committee

James Gero
Mark Hobbs

AICPA Peer Review Board Oversight Task Force - Observer

William Hunter Cook

AICPA Peer Review Board

Elizabeth Gantnier

AICPA Professional Ethics Executive Committee

Catherine R. Allen
Sharon Jensen
Stephanie Saunders
Dan Vuckovich (2021)
Lawrence Wojcik

Financial Accounting Foundation

Diane Rubin (Vice Chairman)
Richard Reisig (2021)

FASB Private Company Council

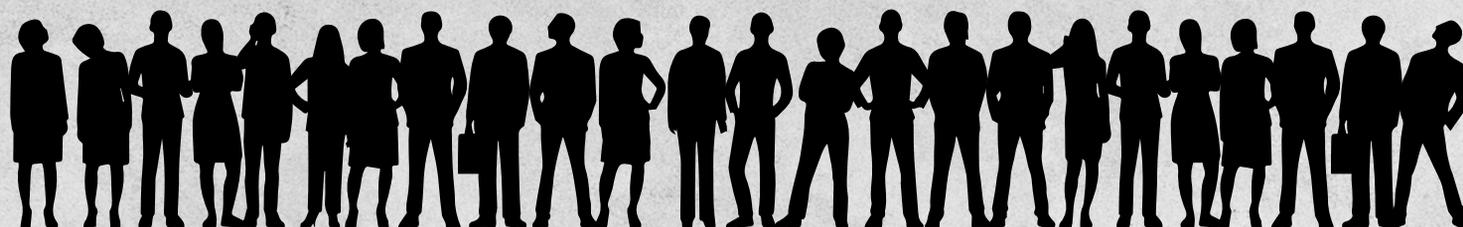
Richard Reisig

IAASB Consultative Advisory Group

Gaylen Hansen

IESBA Consultative Advisory Group

Gaylen Hansen (Chair)



VOICES IN THE ACCOUNTING WORLD

2020 - 2021 NASBA REPRESENTATIVES

CPA Evolution Momentum

Core Curriculum Task Force

Sheri Erikson

Vikki Nunn

Rick Reisig

Ola Smith

Information Systems & Controls Discipline Curriculum Task Force

Nadia Rogers

Godson Sowah

Business Analysis & Reporting Discipline Curriculum Task Force

Simon Petravick

Shelly Stromp

Randa Vernon

Gerald Weinstein

Tax Compliance & Planning Discipline Curriculum Task Force

Ann Cohen

Maggie Gilmore

Thomas Purcell

Stephanie Saunders

Internship Task Force

Ruben Davila

Steve Grice

Fred Kostecki

Angela Pannell

Renee Villano

Transition Task Force

Kent Absec

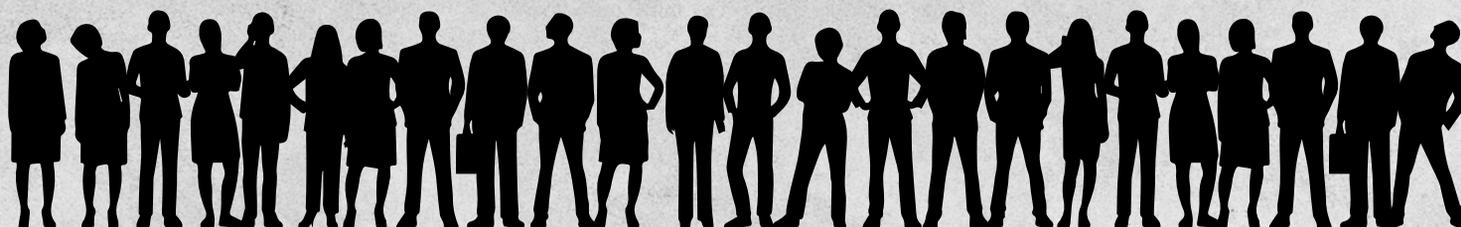
Boyd Busby

Pamela Church

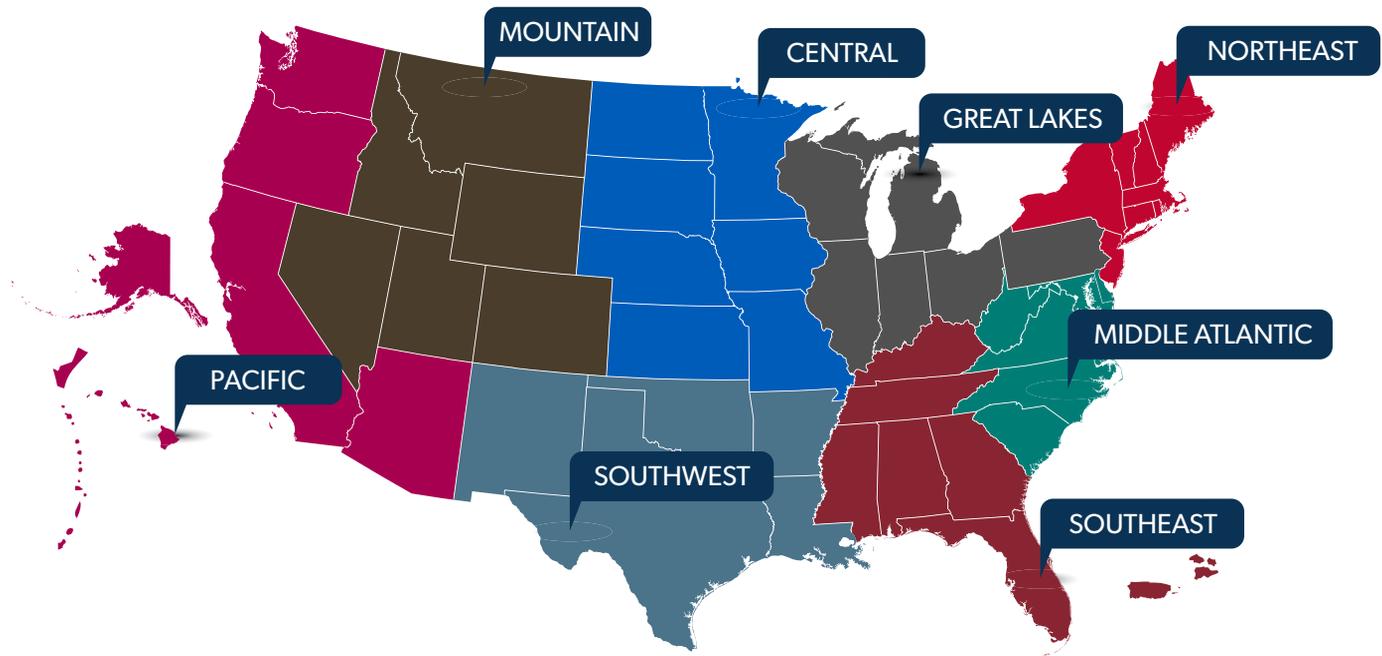
James Gottfried

Sara Mikuta

Nicola Neilon



NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY



PACIFIC
 Alaska
 Arizona
 California
 CNMI
 Guam
 Hawaii
 Oregon
 Washington

MOUNTAIN
 Colorado
 Idaho
 Montana
 Nevada
 Utah
 Wyoming

SOUTHWEST
 Arkansas
 Louisiana
 New Mexico
 Oklahoma
 Texas

CENTRAL
 Iowa
 Kansas
 Minnesota
 Missouri
 Nebraska
 North Dakota
 South Dakota

GREAT LAKES
 Illinois
 Indiana
 Michigan
 Ohio
 Pennsylvania
 Wisconsin

SOUTHEAST
 Alabama
 Florida
 Georgia
 Kentucky
 Mississippi
 Puerto Rico
 Tennessee
 Virgin Islands

MIDDLE ATLANTIC
 Delaware
 District of Columbia
 Maryland
 North Carolina
 South Carolina
 Virginia
 West Virginia

NORTHEAST
 Connecticut
 Maine
 Massachusetts
 New Hampshire
 New Jersey
 New York
 Rhode Island
 Vermont

COMMITTEES

Regarded as a cornerstone of support within the organization, NASBA appoints more than 20 committees and task forces annually. Through the work of these groups, NASBA volunteers and staff address current and emerging issues impacting State Boards of Accountancy and the accounting profession. Topics range from legislative support, ethics and diversity to education, standard-setting and relations with member boards. On the following pages, NASBA committees provide summaries of their work during 2020-21.

Administration and Finance Committee

Audit Committee

Awards Committee

Bylaws Committee

CBT Administration Committee

Communications Committee

Continuing Professional Education (CPE) Committee

CPA Examination Review Board

Diversity Committee

Education Committee

Enforcement Resources Committee

Ethics Committee

Executive Directors Committee

International Qualifications Appraisal Board

Legislative Support Committee

Nominating Committee

Past Chair Advisory Council

Peer Review Compliance Committee

Regulatory Response Committee

Relations with Member Boards Committee

Standard-Setting and Professional Trends Advisory Committee

State Society Relations Committee

Strategic Planning Task Force

Uniform Accountancy Act Committee



ADMINISTRATION AND FINANCE COMMITTEE

Oversee and monitor the fiscal operations and investments of the Association.

The Administration & Finance Committee monitors and provides oversight of the fiscal operations of NASBA and its subsidiaries. The Board of Directors relies on the Administration & Finance Committee in fulfilling its fiduciary responsibility to oversee operating, investing and mission-focused fiscal activities. The Committee works with management and volunteer leadership to review financial policies, monitor financial performance and assess enterprise risk.

Operational and capital budgets, as approved by the Board of Directors for Fiscal 2021, were discussed with management at quarterly meetings and included financial statement presentations and analyses of the effects of the pandemic, as well as other budget variance drivers. Management provided updates on the successful application for the Paycheck Protection Program funds. The Administration and Finance Committee also discussed management's expectations for the deployment of liquid assets for capital investments over the next few years.

The Investment Committee, a subcommittee of the Administration & Finance Committee, reviews the return and risk characteristics of NASBA's short-term and long-term investments, evaluates the investment advisor's performance in managing the long-term invested funds, and monitors compliance with the board-approved investment policy statement (IPS).

Committee Members:

Richard N. Reisig (MT), Chair
Frederick G. Briggs, Jr. (NH)
Maria E. Caldwell (FL)
Francisco A. Fernandez (PR)
W. Michael Fritz (OH)
Thomas G. Prothro (TX)
Laurie A. Warwick (VA)

Staff Liaisons:

Michael R. Bryant
Troy A. Walker

AUDIT COMMITTEE

Oversee the Association's annual financial statement audit and the internal controls, and recommend to the Board of Directors the firm to perform the audit.

The Committee's activities are summarized in the Report of the Audit Committee on page 54. {Immediately preceding the Independent Auditors' Report on the NASBA Consolidated Financial Statements.}

Committee Members:

Faye Miller (ND), Chair
Lori J. Druse (NE)
Timothy F. Egan (CT)
Michael Schmitz (ND)
Debra Seefeld (TX)
Randa Vernon (OK)
Lydia M. Washington (NY)
Judy C. Wetherbee (TN)

Staff Liaisons:

Michael R. Bryant
Troy A. Walker

AWARDS COMMITTEE



Mark P. Harris



Barbara A. Ley



Randall A. Ross

Recommend to the Board of Directors recipients of the Distinguished Service Award, William H. Van Rensselaer Public Service Award, and Lorraine P. Sachs Standard of Excellence Award.

The NASBA Awards Committee hosted its 2021 Call for Award Nominations April 20 through June 30, 2021. On July 14, 2021, the Committee met, via Zoom, to discuss the slate of nominees and to make recommendations to the NASBA Board of Directors for the William H. Van Rensselaer Public Service Award, the NASBA Distinguished Service Award and the Lorraine P. Sachs Standard of Excellence Award.

The NASBA Board of Directors approved the Committee's recommendations during its July 2021 meeting. NASBA's 2021 award recipients include:

- **Mark P. Harris, CPA (LA) – 2021 William H. Van Rensselaer Public Service Award Recipient**
- **Barbara A. Ley, CPA (OK) – 2021 NASBA Distinguished Service Award Recipient**
- **Randall A. Ross, CPA (OK) – 2021 Lorraine P. Sachs Standard of Excellence Award Recipient**

NASBA will recognize each of these recipients during the 114th Annual Meeting, November 2-3, 2021.

The Committee appreciates the continued participation and support received from member Boards of Accountancy and the NASBA Board of Directors.

Committee Members:

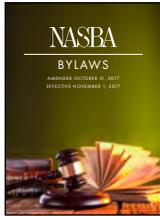
Janice L. Gray (OK), Chair
Dawn M. Carlson (IL)
Jennifer H. Elder (NH)
Russ Friedewald (IL)
Chandra Lalvani (PA)
Willie B. Sims, Jr. (MS)

Staff Liaison:

Cassandra A. Gray

BYLAWS COMMITTEE

Review and consider best practices from various sources and recommend amendments to the Board of Directors for approval and subsequent vote by Member Boards.



The NASBA Bylaws Committee developed two new Sections and amended several other Sections. The proposed new Sections are 4.4.1 and 4.4.2. The purpose of these two additions is to provide the Board of Directors guidance if there is a need for a Committee to search for a new president of the Association, and the authority to appoint an interim president and chief executive officer in the event of a vacancy. The proposed amendments also include a change in

Section 5.3 that would allow Regional Meetings to be held by teleconference. In addition, there are proposed revisions to the Nominating Committee Composition and Elections Sections. A proposed change to Section 7.1.2 makes the alternate on the Nominating Committee a member of the Committee; proposed change to Section 7.1.4 provides that the alternate on the Nominating Committee would be required to adhere to the cooling-off period under certain circumstances; and the proposed change at Section 7.1.6 would require the Association to send notice to the membership about the Nominating Committee member's term expiring, and those interested in representing their region shall notify the Association within 14-days prior to the start of the Regional Meeting. The proposed additions and amendments were approved by the NASBA Board of Directors for submission to the membership at the 2021 NASBA Annual Business Meeting.

Committee Members:

Jimmy E. Burkes (MS), Chair
Jon W. Cain (WV)
Dawn M. Carlson (IL)
Bobby R. Creech, Jr. (SC)
Thomas J. Homer (IL)
Larry Hunter (ID)
David S. Pummel (SD)

Staff Liaison:

John W. Johnson



CBT ADMINISTRATION COMMITTEE

Promote effective and efficient administration and operation of the Uniform CPA Examination.

The Committee met virtually several times this year to address issues impacting the CPA Exam. In January 2021, members met jointly with several other NASBA committees and the AICPA to discuss the Evolution Practice Analysis.

In June, the Committee was provided information regarding Prometric's new Remote Monitor Assistance (RMA) Program. The RMA Program utilizes a remote Test Center Administration (TCA) to observe and support a testing lab per Prometric's standard operating procedures. The Committee was provided an update on the status of the remote testing pilot and provided input on potential policies and procedures. Additionally, the Committee approved the CPA Evolution Transition policy.

In July, the Committee reviewed Prometric's Channel Resumption Plans and voted not to return to the use of laminated note boards in the test centers. They opted to continue the use of paper and pencil by candidates.

In August, the Committee met with Prometric in order to obtain more information on the RMA Program. The Committee voted to allow Prometric to pilot the program later this year.

In September, the Committee discussed continued requests for extensions due to COVID-19, CPA Evolution transition, model curriculum, changes to NASBA's systems and the potential of increased requests for testing accommodations due to COVID-19.

The Committee continues to meet monthly as it moves forward with CPA Evolution, Remote Testing and the RMA Program.

Committee Members:

Tyrone E. Dickerson (VA), Chair
Robert N. Brooks (NC)
Pamela Church (TN)
James Gottfried (OH)
Sheldon P. Holzman (IL)
Nicole Kasin (SD)
Leslie A. Mostow (MD)
Michael R. Putich (SC)
David Sanford (GU)
Craig F. Smith (GA)
Susan L. Somers (KS)

Staff Liaisons:

Patricia Hartman
James Polite



COMMUNICATIONS COMMITTEE

Promote effective and efficient communication among Boards of Accountancy, NASBA and their respective stakeholders.

During the 2020-21 committee year, members of the Communications Committee continued to monitor emerging communication trends and assess communication needs and challenges impacting State Boards of Accountancy. The Committee also continued its awareness campaign to promote NASBA's Communications & Outreach program for Boards of Accountancy. This included ongoing outreach to state board chairs and executive directors.

To date, NASBA's Communications Department produces creative collateral on behalf of 45 Boards of Accountancy. Creative services include the production and distribution of mass email communications, digital newsletters, infographics, social media communications and informational videos.

Additional details on NASBA's Communications & Outreach program, including a library and sample templates, are available on nasba.org/outreach.

Committee Members:
 Kenya Y. Watts (OH), Chair
 Phillip Austin (IL)
 Todd Dailey (SC)
 Patty Faenger (MO)
 Bob Patterson (KY)
 Robert W. Sinkewicz (VT)
 Jeannette P. Smith (TX)
 Arthur L. Sparks, Jr. (TN)
 Susan M. Strautmann (WI)
 Gerald Weinstein (OH)
 Barrett E. Young, III (MD)

Staff Liaisons:
 Cassandra A. Gray
 Thomas G. Kenny

200+

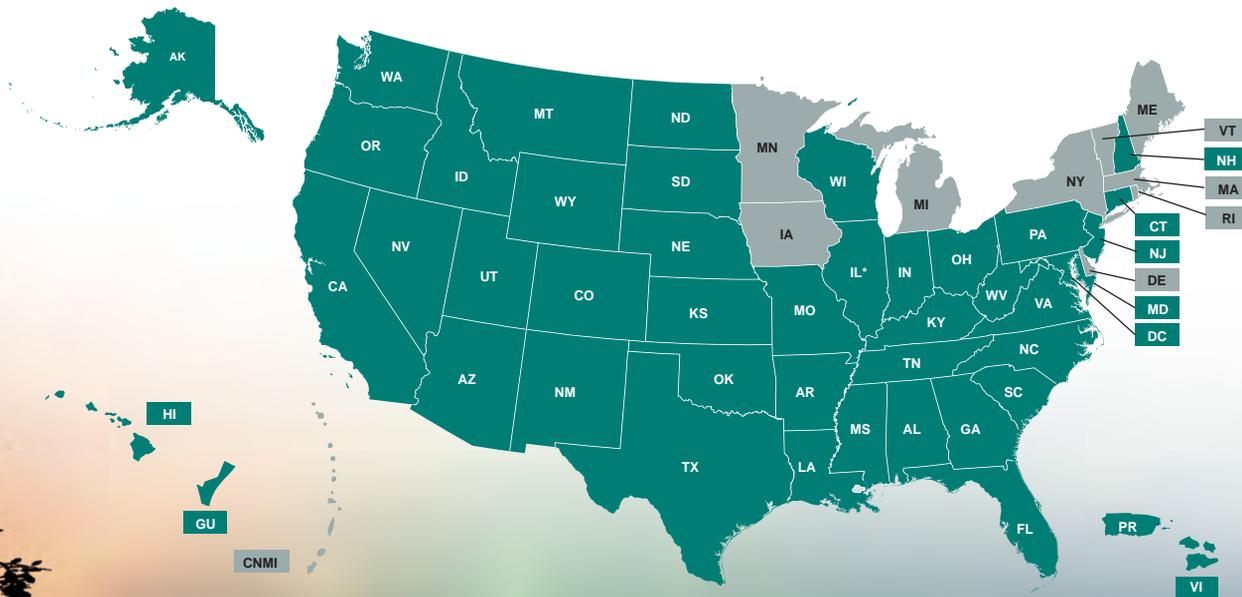
Total Number of Emails Sent by NASBA on Behalf of the State Boards

52%

Average Open Rate Percentage for Emails Sent on Behalf of the State Boards

45

Total Number of State Boards Participating in NASBA's Communications & Outreach Program



*Includes the Illinois Board of Examiners and the Illinois Department of Financial and Professional Regulation

CONTINUING PROFESSIONAL EDUCATION (CPE) COMMITTEE

Develop and promote uniform rules and requirements for continuing professional education among the jurisdictions. Also, oversee the Standards for CPE Programs and the related CPE Standards Working Group.

The Committee discussed the impact of COVID-19 on CPE: the impact to state boards and the CPE requirements and reporting periods; the impact to CPE providers; and the impact to the operations of the National Registry of CPE Sponsors. The Committee considered an appeal from a National Registry sponsor regarding an adverse outcome resulting from a compliance desk audit.

The Committee has developed a strategy to encourage adoption of the nano and blended learning delivery methods with remaining State Boards of Accountancy.

The National Registry Summit was offered virtually on September 14, 2021. Sessions for the 2021 eSummit included resources to help make virtual events more interactive and engaging; expert guidance on digital accessibility so that people with disabilities can interact with online content and participate independently in digital programs; and updates on CPE legislation as well as the CPA Evolution project.

Committee Members:

John F. Dailey, Jr. (NJ), Chair
Michael D. Armstrong, Jr. (ID)
Jimmy Bell (ID)
J. Earl Blackmon (AL)
Andrew Cohen (NY)
Nancy J. Corrigan (CA)
Marianne Mickelson (IA)
Angela L. Pannell (MS)
Willie B. Sims, Jr. (MS)
Brian R. Thomas (WA)
Shane Warrick (AR)

Staff Liaisons:

Jessica Luttrull
Amy Tongate

CPA EXAMINATION REVIEW BOARD

Review, evaluate and report on the appropriateness of the policies and procedures utilized in the preparation, grading and administration of the Uniform CPA Examination and other examinations in general use by Boards of Accountancy for the licensing of certified public accountants; examine such records, and make observations, inspections, and inquiries as it deems necessary; and report annually to the Boards of Accountancy.

The CPA Examination Review Board (ERB) reviewed and evaluated the policies and procedures utilized in the preparation, grading and administration of the Uniform CPA Examination and the International Qualification Examination for the year ended December 31, 2020. The ERB's review and evaluations were conducted for the purpose of determining the appropriateness of those policies and procedures for reliance by the Boards of Accountancy of the 55 U.S. jurisdictions in discharging their responsibility to test the qualifications of candidates for licensure as Certified Public Accountants. The ERB issued its Annual Report to the Boards of Accountancy of the 55 U.S. jurisdictions at the NASBA Regional Meetings in June 2021 for the work performed during the 2020 calendar year. The ERB stated the results of the 2020 review in its report: "Based on our review and evaluations, we believe that the Boards of Accountancy may rely on the Uniform CPA Examination and the International Qualification Examination in carrying out their licensing responsibilities for the year ended December 31, 2020." Additionally, the ERB presented a comprehensive management letter to the chairman and Board of Directors of NASBA and the management of NASBA, AICPA and Prometric, which included recommendations that could enhance future examinations.

Committee Members:

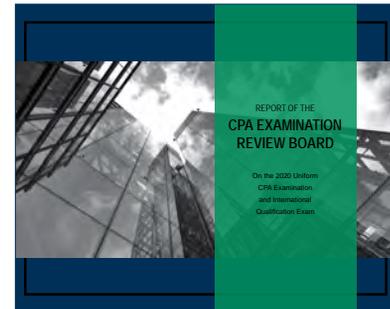
Doug Skiles (NE), Chair
Ruben A. Davila (CA), Vice Chair
Janet Booker-Davis (TN)
Marianne DeVries (AZ)

Consultants:

Michael W. Harnish
Suzanne Lane

Staff Liaison:

Sheena Murphy



DIVERSITY COMMITTEE

Develop a diversity program that ensures that NASBA provides opportunities, encouragement and support to people of color (African Americans and Hispanics/Latinos) and women to participate in NASBA service and leadership roles.

The Diversity Committee continued its work to provide information and resources to help better diversify NASBA and its member Boards of Accountancy (BOAs). The Committee prioritized its efforts to focus first on the diversity of member boards and secondly on the pipeline of diverse candidates entering the profession.

The Committee conducted its biannual assessment of BOA demographics. The assessment showed that overall diversity increased. Gender numbers increased the most, while the total number of ethnically diverse board members increased slightly. The Committee helped raise awareness of these statistics by sharing information with the NASBA Board of Directors, the State Society Relations Committee and others. The Committee will continue to share this information over the next year to help impact positive change.

Continuing a program it started four years ago to encourage diverse involvement in NASBA committees, the Diversity Committee reached out to new BOA members from across the country to encourage their involvement in NASBA. These calls helped increase involvement of new members in NASBA orientation sessions this year.

To assist with building the diversity of the CPA candidate pipeline, the Committee agreed to partner with the NASBA Center for the Public Trust's HBCU Initiative. This program, launching in October 2021, will help expose students attending historically black colleges and universities (HBCUs) to the accounting profession while increasing StudentCPT chapters on HBCU campuses. The Committee is also continuing to support the PhD Project work, and the work of other diverse organizations within the profession.

Committee Members:

Alison Houck Andrew (DE), Chair
Johnnie Bejarano (CO)
Manuel Cavazos (TX)
Bridgett Gange (DC)
Delbert Madison (AL)
Godson Sowah (MN)
Julie Spiegel (KS)

State Society Liaison:

Ralph Albert Thomas (NJ)

Staff Liaison:

Alfonzo Alexander

EDUCATION COMMITTEE

Support the Boards of Accountancy by representing NASBA in the academic community and serving as an advisory resource on education matters related to the accounting profession.

The Education Committee met multiple times during the year in support of its Committee charge.

An academic research grant task force was established in early 2021 to review grant proposal submissions for the 2021-2022 grant year. The Education Committee discussed and agreed with the task force's recommendation and the NASBA Board of Directors unanimously approved the Committee's recommendation at its April 2021 meeting. Since its inception in 2011, the Accounting Education Research Grants Program has awarded more than \$160,000 in total grants to 37 U.S. colleges and universities.

Also in early 2021, the Committee heard an update on the status of the CPA Evolution Initiative, including feedback from committee members serving on various CPA Evolution Model Curriculum task forces. The Committee also discussed college and university accreditation and solicited input from the academicians on the Committee about pipeline issues.

In April, the Education Committee received an update on the development of the CPA Evolution Model Curriculum. Committee members reviewed a draft copy of the Model Curriculum to provide a fatal flaw review and the Committee's feedback was provided to the staff creating the Model Curriculum.

The Committee also discussed questions raised by state board executive directors related to the 2020 amendments to the Uniform Accountancy Act Model Rules on education accreditation. Committee members agreed that all institutions are required to possess regional accreditation to participate in the federal student loan program and that this level of accreditation may serve as a minimum accreditation threshold for boards to consider.

During the NASBA Regional Meeting in June, the 2020-2021 research grant recipients provided a discussion of their research projects and findings.

The Education Committee continues to work to provide information to the Boards of Accountancy on matters related to the CPA Evolution Initiative, including providing a forum of discussion among academics serving on Boards of Accountancy.

Committee Members:

Jason D. Peery (ID), Chair
Margaret Combs (KY)
Walter F. D'Olive, III (AL)
Kevin M. Fountain (RI)
Russ Friedewald (IL)
Steve Grice (AL)
Carlos E. Johnson (OK)
Raymond N. Johnson (OR)
Vikki G. Nunn (WY)
Simon Petravick (IL)
Lori Pressler (NJ)
Nadia Rogers (VA)
Joseph G. Shoemaker (NH)
Richard S. Silverman (NH)

Staff Liaison:

Daniel J. Dustin

ENFORCEMENT RESOURCES COMMITTEE

Promote effective, efficient, and, where appropriate, uniform enforcement of professional standards by Boards of Accountancy.

To provide Enforcement Resources to state boards in the best manner possible, the Enforcement Resources Committee (ERC) has been working diligently in sub-committees to complete on-going projects from the last committee year. These sub-committees include: The Enforcement Survey Series; Updating the Enforcement Resource Guide; and Maintaining the Expert Witness and Investigator Pools. The Survey Series aims at collecting responses to common disciplinary issues facing member boards to help the ERC better address these issues in the future. The Enforcement Resource Guide is a comprehensive look at the regulatory board disciplinary process for new board staff to become familiar with the typical board procedures and includes insights on several major procedural steps. The Expert Witness and Investigator Pools serve as a reservoir of professionals that are ready to contract with the member boards in order to aid in the pre-litigation process for formal hearings and to fill a gap where board resources may be lacking. The ERC completed the first edition of the re-vamped *Enforcement Newsletter* in Spring 2021 and also anticipates a Winter 2021 edition. The ERC continues to discuss how COVID-19 has impacted disciplinary matters across their state boards and how to best address these widespread issues.

Committee Members:

Lynn V. Hutchinson (LA), Chair
Ellen K. Adkins (SC)
Louis J. Costanzo, III (WV)
John R. Helms (KS)
Theodore W. Long, Jr. (OH)
Roselyn E. Morris (TX)
Eileen L. Poiani (NJ)
James R. Taylor (OK)
Wesley Tegeler (AK)
Patrick M. Thorne (NV)
Carleton L. Williams (HI)

Staff Liaison:

Elizabeth Wolfe

ETHICS COMMITTEE

Committee Members:

J. Coalter Baker (TX), Chair
Catherine R. Allen (NY)
Paul Balas (MI)
Donald H. Burkett (SC)
Wm. Hunter Cook (NC)
Gerald E. Denor (WI)
Robert F. Fay (OH)
Susan Q. Ferguson (VA)
G. Gregory Gilbert (TN)
Robert L. Goldfarb (NY)
James G. Kelley (IL)
Steven M. Platau (FL)
Leslie Schmitz (AK)
Lawrence A. Wojcik (IL)

Staff Liaison:

Daniel J. Dustin

Promote the development and maintenance of high-quality standards of ethical practice to protect the public interest. Provide input related to changes or developments in ethics-related standards.

The Committee held its initial meeting for the 2020-2021 committee year in January. Chair Baker provided an overview of the status of the Noncompliance with Laws and Regulations (NOCLAR) discussions by the AICPA's Professional Ethics Executive Committee (PEEC) and the Auditing Standards Board (ASB), noting that it was anticipated that two exposure drafts would be released in early 2021.

The Committee met again in March to discuss the PEEC exposure draft on NOCLAR and the International Ethics Standards Board for Accountants' (IESBA) exposure draft on Listed Entity and Public Interest Entity (PIE). The Committee developed draft comment letters for both exposure drafts that were forwarded to NASBA's Regulatory Response Committee.

At the close of the committee year, Committee members continue to monitor the NOCLAR activities of the ASB and PEEC. Committee Chair J. Coalter Baker continues to serve as an observer during meetings of PEEC's NOCLAR Task Force. In addition, the Committee continues to monitor the activities of the IESBA for activity related to professional ethics standards.

EXECUTIVE DIRECTORS COMMITTEE

Support Executive Directors in their roles with Boards of Accountancy.

The Executive Directors (ED) Committee has a charge of supporting executive directors in their roles with Boards of Accountancy. The Committee is made up of directors from each of the eight regional areas, aided by NASBA liaisons.

The Committee put together the 39th Annual Conference for Executive Directors and Board Staff. The conference was held virtually with 48 jurisdictions being represented in some capacity. Overall, there were a total of 152 participants.

The Committee was also extremely active in discussions throughout the year on topics such as remote testing, COVID-19 impacts, the Accountancy Licensing Database (ALD) and CPA Evolution. The Committee met virtually with the CBT Administration Committee to discuss extensions for both Notices to Schedule and credits for scores as well as the CPA Evolution transition policy, which will be used when the new exam launches.

During this past year, the Committee also put together a couple of major initiatives. The Committee began hosting an hour-long monthly call where EDs gather, listen and learn from each other on various topics of importance. These meetings were launched in December 2020 and have continued throughout the year.

In August 2021, a mentoring program was launched. Since November 2020, there have been a total of 14 new executive director hires. The mentoring program was designed to give EDs who wanted to participate as a mentee an opportunity to be matched with an executive director mentor who has the experience and knowledge to assist a fellow colleague. Redefining and refining the program to make sure it's relevant and beneficial will be a continuous matter of attention moving forward.

The Committee recognizes the tremendous opportunity given by NASBA in allowing EDs a voice on items of importance, whether on a day-to-day basis, on a committee, or with the NASBA Board of Directors. The Committee is fortunate to have a place at the table within the organization.

Committee Members:

Kent Absec (ID), Chair
Jovonna Bennett (RI)
D. Boyd Busby (AL)
Kimberly Fast (OR)
Nancy Glynn (VA)
John E. Patterson (OH)
Dan Sweetwood (NE)

Staff Liaisons:

Daniel J. Dustin
Patricia Hartman

INTERNATIONAL QUALIFICATIONS APPRAISAL BOARD

As directed by the Executive Committee, survey and assess professional practice standards and qualifications in specified countries and recommend the feasibility of recognition of credentialed non-U.S. professionals to the Board of Directors.

Chair Sharon A. Jensen held a virtual International Qualifications Appraisal Board (IQAB) meeting on July 19, 2021. Among the issues discussed were operational issues with Chartered Accountants of Australia & New Zealand as well as the South African Institute of Chartered Accountants. There are several jurisdictions that do not accept the Mutual Recognition Agreements (MRAs) in their entirety. Ms. Jensen has assembled a task force to organize a webinar for state boards to discuss the role of IQAB and how MRAs are developed.

IQAB has begun receiving reports from MRA partners this year. Through this process, the Board has learned of changes in the partner programs as well as those of the Board.

The CPA Ireland Task Force, led by Wendy S. Perez, has drafted an agreement modeled after the Chartered Accountants in Ireland. Only those CPA Ireland members who hold at least a baccalaureate degree are being considered for coverage under a mutual recognition agreement.

IQAB and the Hong Kong Institute of Certified Public Accountants (HKICPA) have decided not to renew the MRA, which expires on December 31, 2022.

Lastly, NASBA President and CEO Ken L. Bishop met with Financial Reporting Council (FRC) Chief Executive Sir Jon Thompson, however no resolution could be reached.

Committee Members:

Sharon A. Jensen (MN), Chair
Martin G. Fennema (FL)
Telford A. Lodden (IA)
Wendy S. Perez (CA)
William Treacy (TX)
Thomas R. Weirich (MI)

Staff Liaison:

Patricia Hartman

LEGISLATIVE SUPPORT COMMITTEE

Develop legislative support strategies and tactics to assist the Director of Legislative and Governmental Affairs in supporting Boards of Accountancy on legislative matters.

NASBA's Department of Legislative and Governmental Affairs identifies and monitors legislation through NASBA's Legislative Tracking System. This allows boards and NASBA to become more readily aware of key pieces of legislation and executive orders around the country, which could greatly impact their regulatory capacity. During the 2021 legislative session, of the 2,931 bills monitored, 648 of those bills had a direct impact on the regulation of the accounting profession – which included 234 anti-regulation pieces of legislation.

In addition to remaining current on legislation, executive orders and other regulatory activity impacting the accounting profession, it is equally important to establish a strong internal network program that can proactively and positively influence governmental affairs, in general and when important legislation/executive orders are identified. To accomplish this task, NASBA's Department of Legislative and Governmental Affairs maintains a Key Person Contact (KPC) Program, which serves as a nexus for transmitting information to government officials and reporting information about proposed or pending legislation/regulatory changes to NASBA.

The Legislative Support Committee believes awareness is pivotal to regularly informing boards on issues impacting the profession, through conferences and content provided on the [nasba.org](https://www.nasba.org) Legislative Support page.

Anti-regulatory organizations continue to develop and promote federal and state legislation designed to eliminate occupational licensing or, at minimum, significantly reduce regulations and oversight. Such efforts, if successful, could be severely detrimental to the protection of the public as they include the accounting profession.

To help push back against anti-regulatory efforts, NASBA and the AICPA continue to remain instrumental in the Alliance for Responsible Professional Licensing (ARPL) – a coalition of advanced professions focused on educating policymakers and the public about the importance of rigorous professional licensing standards. NASBA works with other ARPL members to inform lawmakers of the need to maintain standards for highly complex and technical professions, like accounting, that have a clear impact on the public's fiscal health and welfare. The coalition was formed to ensure the voices and concerns of the advanced professions are heard by lawmakers amid the growing debate around licensing.

Committee Members:

J. Andy Bonner, Jr. (TN), Chair
Joseph S. Drew (DC)
Brendan P. Fitzgerald (OH)
Margaret Ann Gilmore (OH)
Brian L. Johnson (SC)
Nick Myers (MO)
Joseph Petito (MD)
Emily R. Rollins (WA)
Randall A. Ross (OK)
Andy L. Wright (MS)

Staff Liaison:

John W. Johnson

NOMINATING COMMITTEE

Nominate officers and directors, in accordance with NASBA's Bylaws.

The work of the Nominating Committee has been carried out in accordance with Article VII, Sections 7.2 and 7.3 and Article IV, Section 4.5 of NASBA's Bylaws.

The 2020-2021 Nominating Committee has nominated the following officers and directors to be voted on by the member boards at the 114th NASBA Annual Business Meeting on November 3, 2021. Due to coronavirus (COVID-19) and quarantine mandates, the meeting was held via Zoom.

Vice Chair: Richard N. Reisig (MT)
Directors-at-Large (three-year term):
Maria E. Caldwell (FL)
John F. Dailey, Jr. (NJ)
Stephanie M. Saunders (VA)
Regional Directors (one-year term), a Regional Director may serve three one-year terms:
Michael T. Schmitz (ND – Central Regional)
Kenya Y. Watts (OH – Great lakes Region)
Alison Houck Andrew (DE – Middle Atlantic Region)
Jason D. Peery (ID – Mountain Region)
Stephen F. Langowski (NY – Northeast Region)
Larry Elmore (TN – Southeast Region)
Nancy J. Corrigan (CA – Pacific Region)
Lynn V. Hutchinson (LA – Southwest Region)

The following Board members will continue to serve for the balance of their unexpired terms. At-large directors may serve two three-year terms.

Directors-at-Large (third year of three-year term):
Tyrone E. Dickerson (VA)
Directors-at-Large (second year of three-year term)
J. Coalter Baker (TX)
Jimmy E. Burkes (MS)
Nicola Neilon (NV)
W. Michael Fritz (OH) – Mr. Fritz, 2020-21 Vice Chair, will accede to office of chair.
A. Carlos Barrera (TX) – Mr. Barrera, 2020-21 Chair, will accede to office of past chair upon the installation of Mr. Fritz as chair.

Committee Members:

- Laurie J. Tish (WA), Chair
 - Angela L. Avant (DC)
Atlantic Region
 - Frederick G. Briggs, Jr. (NH)
Northeast Region
 - Janet Booker-Davis (TN)
Southeast Region
 - Lori J. Druse (NE)
Central Region
 - James P. Gero (OH)
Great Lakes Region
 - Raymond N. Johnson (OR)
Pacific Region
 - Harry O. Parsons (NV)
Mountain Region
 - Thomas G. Prothro (TX)
Southwest Region
 - Barton W. Baldwin (NC)
Alternate MA Region
 - Manuel Cavazos, IV (TX)
Alternate SW Region
 - Chandra Lalvani (PA)
Alternate Great Lakes Region
 - Delbert Madison (AL)
Alternate SE Region
 - Donovan W. Rulien, II (AK)
Alternate Pacific Region
 - Michael Schmitz (ND)
Alternate Central Region
 - Richard S. Silverman (NH)
Alternate NE Region
 - Dan Vuckovich (MT)
Alternate Mountain Region
- Staff Liaisons:**
- Ken L. Bishop
 - Anita Holt

PAST CHAIR ADVISORY COUNCIL

Committee Members:

Laurie J. Tish (WA), Chair
Billy M. Atkinson (TX)
Barton W. Baldwin (NC)
Milton Brown (NJ)
Donald H. Burkett (SC)
K. Michael Conaway (TX)
Samuel K. Cotterell (ID)
Michael T. Daggett (AZ)
Walter C. Davenport (NC)
Albert J. Derbes, III (LA)
Robert C. Ellyson (FL)
Welling W. Fruehauf (PA)
Nathan T. Garrett (NC)
Janice L. Gray (OK)
John M. Greene (SC)
Gaylen R. Hansen (CO)
Mark P. Harris (LA)
Thomas Iino (CA)
Carlos E. Johnson (OK)
Wesley P. Johnson (MD)
Telford A. Lodden (IA)
Theodore W. Long, Jr. (OH)
Andrew P. Marincovich (CA)
John B. Peace (AR)
Diane M. Rubin (CA)
Thomas J. Sadler (WA)
Jerome A. Schine (FL)
Dennis P. Spackman (UT)
Sandra A. Suran (OR)
David A. Vaudt (CT)
Michael D. Weatherwax (CO)

Staff Liaison:

Colleen K. Conrad

Provide background and counsel on current issues framed with a historical perspective.

The first ever virtual meeting of the Past Chair Advisory Council occurred in conjunction with NASBA's virtual 2020 Annual Meeting. Issues of trending importance to Boards of Accountancy and the accounting profession were discussed.

Of primary interest was the effect of the COVID-19 pandemic on the operations of NASBA and state boards. The details of the transition to remote work in NASBA offices and the careful phased reopening were shared. Also discussed were the closure of Prometric Test Centers for a month and a half and then reinstatement of Test Center operations with new safety protocols. During this period, NASBA was in constant communication with candidates.

Operational challenges for state boards and the assistance NASBA provided were also shared. Many boards had to navigate legal and other issues related to shifting to virtual public meetings, conducting investigations and continuing to serve their licensees. In addition, NASBA staff worked closely with state boards on issues such as extensions of licensure, CPE and peer review deadlines, and the acceptance of peer reviews conducted virtually.

The Past Chair Advisory Council also had robust conversations regarding the latest with CPA Evolution, transitions in the leadership of numerous accounting and auditing standard setting bodies, legislative challenges of accountancy boards, the possibility of remote proctoring of the CPA Examination and more. A financial update was also provided.

Past Chair and Congressman K. Michael Conaway (TX) gave his last Hill update before his retirement from Congress in early 2021. Past chairs serving in national and international standard setter roles also shared brief updates on relevant activities.

The meeting was closed with a recognition of Past Chair Carlos E. Johnson in his upcoming receipt of NASBA's William H. Van Rensselaer Public Service Award at the 2020 Annual Meeting.



PEER REVIEW COMPLIANCE COMMITTEE

Develop legislative support strategies and tactics to assist the Director of Legislative and Governmental Affairs in supporting Board of Accountancy on legislative matters.

During November 2020, the Committee held its annual joint meeting with the AICPA's Peer Review Board (PRB) Oversight Task Force (OTF). Topics discussed included an update on the AICPA's Enhancing Audit Quality Initiative, PRB areas of peer review focus, and the impact of COVID on audit engagements. It was noted that three federal government programs associated with pandemic relief will be subject to single audit in the coming years. Discussions also focused on the staffing of peer review administrative entities, enhancements to Facilitated State Board Access (FSBA) and an update of an AICPA project that would move the review of Quality Control Materials from peer review standards to become part of auditing standards.

In March, the Committee met to discuss the AICPA Auditing Standards Board's exposure draft: Proposed Statement on Quality Management Standards - Quality Management: A Firm's System of Quality Management Engagement Quality Reviews. Committee members shared their thoughts and concerns about the exposure draft with the chair of NASBA's Regulatory Response Committee (RRC) to inform the RRC's comment letter. During the meeting, the Committee also heard an update from the Committee's website re-design task force.

The Committee held a joint mid-year meeting with the AICPA OTF in June. Committee Chair Langowski provided an overview of recent NASBA and Committee activities. Participants also discussed proposed legislation and the activities of the Committee's website re-design task force's efforts to update the Committee's webpage.

Participants were also updated on the status of the decision to allow off-site system reviews during the past year, a re-evaluation of the OTF's report and its usage, trends in the peer reviewer pool, possible revisions to the Quality Control Standards and the likelihood of a significant rise in the number of required Single Audits due to COVID-related federal stimulus money.

Throughout the committee year, members of the Committee's website re-design task force worked to enhance the resources available to Boards of Accountancy and peer review oversight committees.

Committee Members:

Stephen F. Langowski (NY), Chair
Sherry L. Chesser (AR)
Wm. Hunter Cook (NC)
Scott Dockins (ID)
Elizabeth Gantnier (MD)
Wendy S. Garvin (TN)
James P. Gero (OH)
Janice L. Gray (OK)
Mark T. Hobbs (SC)
Chas McElroy (MN)
Thomas G. Neill (WA)
Benjamin Pena (TX)
Charles R. Prince (MS)
Jay Tolsma (SD)

Staff Liaison:

Daniel J. Dustin

REGULATORY RESPONSE COMMITTEE

Provide timely proposed responses on professional practice developments by either developing responses or reviewing the suggested responses from other NASBA committees.

Working with other NASBA Committees, including the Ethics Committee and the Peer Review Compliance Committee, the Regulatory Response Committee drafted, reviewed and/or vetted comment letters on the following exposure drafts:

Committee Chair Catherine R. Allen convened multiple Zoom meetings, followed by requests for careful reviews of the Committee’s work in progress. The regional directors were invited to participate in the Committee’s meetings, and the NASBA Board was given the opportunity for a fatal flaw review of all letters signed by NASBA Chair A. Carlos Barrera and NASBA President and CEO Ken L. Bishop prior to the letters’ submissions to the originating organizations. The responses can be found on NASBA’s website.

Committee Members:

- Catherine R. Allen (NY), Chair
- Alan R. Augenstein (AZ)
- Richard L. Bell (AR)
- Robin L. Byford (OK)
- Kevin Collins (CO)
- David D. Duree (TX)
- Gaylen R. Hansen (CO)
- Tracy Harding (ME)
- Matthew J. Howell (MI)
- Michael Huotte (MT)
- Richard Isserman (NY)
- Frederick R. Kostecki (MO)
- Carol A. Morgan (WA)

Staff Liaison:

Jessica Luttrull

Source	Topic	Date Replied
ASB	Proposed Auditing Standards – Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement	10/26/2020
PEEC	Proposed Interpretation – Staff Augmentation Arrangements	11/2/2020
IAASB	Discussion Paper – Fraud and Going Concern in an Audit of Financial Statements	1/19/2021
GASB	Proposed Statement: Financial Reporting Model Improvements	2/16/2021
IESBA	Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code	4/29/2021
PEEC	Proposed Interpretations and Definition – Responding to Noncompliance with Laws and Regulations	5/27/2021
ASB	Proposed Auditing Standards – Inquiries of the Predecessor Auditor Regarding Fraud and Noncompliance with Laws and Regulations	6/21/2021
ASB	Proposed Quality Management Standards – Quality Management: A Firm’s System of Quality Management and Engagement Quality Reviews Proposed Auditing Standards – Quality Management for an Engagement Conducted in Accordance with Generally Accepted Auditing Standards	7/29/2021

RELATIONS WITH MEMBER BOARDS COMMITTEE

Provide reciprocal communication between Boards of Accountancy and NASBA Board of Directors.

As in 2020, the work of the Relations with Member Boards Committee has been challenging, as the Regional Meeting and the New Board Member Orientation Session could not be held as face-to-face events, and travel to meetings with state boards was eliminated. However, the regional directors pivoted to hold a combined virtual Regional Meeting and New Board Member Orientation session. The regional directors also continued to hold conference calls with the states in their respective regions.

As a result of Prometric testing centers being closed due to the pandemic and/or having limited seating capacity in 2020, in early 2021, the regional directors focused on educating state boards on remote testing/proctoring possibilities, and a potential remote testing pilot program. Focus Questions were sent out to the state boards to gather additional information on this topic. During their February regional conference calls, the regional directors discussed remote testing/proctoring and other topics discussed at the January NASBA Board of Directors meeting.

As the regional directors planned for the combined virtual June Regional Meeting, besides encouraging the state boards to continue focusing on the CPA Evolution Initiative, the regional directors worked with NASBA staff to keep the boards informed of activities being undertaken to deal with the continuing anti-regulation battles in state legislatures, the latest developments on the Uniform CPA Examination, college and university accreditation, and other relevant topics. The virtual format enabled a record number of state board members and staff to participate in this meeting.

During the June Regional Meeting breakout sessions, participants discussed the transition policy for exam candidates who have conditional credit for one or more sections of the Exam when the new Exam format is implemented in January 2024, the CPA Evolution Model Curriculum, and college and university accreditation.

A New Board Member Orientation session was held on June 8, 2021. Typically, this meeting would have been held right before each of the Regional Meetings, with the regional directors playing a major role in the presentation. This year, only one virtual Regional Meeting was held, and the regional directors had a smaller role in the session. However, participant evaluations remained high.

September's Regional Zoom calls found state boards particularly interested in how other jurisdictions were handling license renewals and CPE audits. Instead of sending Focus Questions to the boards to respond in writing, they were asked to respond to the questions during the regional calls. Topics discussed included the CPA Evolution Model Curriculum and board diversity.

Committee Members:

Katrina Salazar (CA), Chair
Pacific Regional Director

J. Andy Bonner, Jr. (TN)
Southeast Regional Director

Alison Houck Andrew (DE)
Middle Atlantic Regional Director

Lynn V. Hutchinson (LA)
Southwest Regional Director

Stephen F. Langowski (NY)
Northeast Regional Director

Faye D. Miller (ND)
Central Regional Director

Jason D. Peery (ID)
Mountain Regional Director

Kenya Y. Watts (OH)
Great Lakes Regional Director

Staff Liaisons:

Daniel J. Dustin
John W. Johnson

STANDARD-SETTING AND PROFESSIONAL TRENDS ADVISORY COMMITTEE

Monitor and objectively evaluate processes of standard setters, as well as disruptive trends in the profession, on behalf of Boards of Accountancy. Recommend process improvements, when warranted, and advise the Boards of potential disruptive trends impacting the regulation of the profession.

The Standard-Setting and Professional Trends Advisory Committee met virtually multiple times in Fiscal Year 2021.

At its organizational meeting for the committee year, after introductions, a history of the Committee and original task force and a discussion of its charge were discussed. As this Committee is charged with being a sounding board and advisory committee to leadership regarding the CPA Evolution Initiative, a brief update on various Evolution activities was provided. The Committee also began discussing disruptive trends in the profession, including the impacts of COVID.

AICPA Examination Team representatives met with the SSPTAC and the CBT Administration Committee to share the CPA Evolution exam practice analysis strategy, plus recent and upcoming efforts. Input and reaction were provided to the AICPA representatives.

SSPTAC members also took part in a focus group along with members of the CBT Administration Committee and the Executive Directors Committee to learn about CPA Exam transition policies under consideration when there is a cutover from the current CPA Exam to the new CPA Exam under Evolution. The members provided input from a state board perspective to those developing the draft policy before it was to be shared with all state boards for consideration.

Additional updates were provided to the SSPTAC on CPA Evolution activities including the practice analysis and upcoming Model Curriculum launch in June. Further discussions covered The Monitoring Group's recommendations regarding transition standard-setting away from IFAC to an independent body. Topics included legal structure, staffing needs and costs, funding, operating procedures and more. A PCAOB paper on its Data and Technology Research Project was also reviewed in detail for consideration of trends that could impact the ability of Boards of Accountancy to investigate cases and regulate the profession.

The SSPTAC conducted multiple brainstorming sessions regarding disruptive professional trends, pipeline challenges, economic impacts, regulatory considerations and changes, plus other topics.

Committee Members:

Nicola Neilon (NV), Chair
Charles Alvis (SC)
Billy M. Atkinson (TX)
Barton W. Baldwin (NC)
Deidre N. Budahl (SD)
Keri A. Ellis (PA)
Gaylen R. Hansen (CO)
G. Alan Long (KY)
Michael H. Womble (NC)

Staff Liaison:

Colleen K. Conrad



STATE SOCIETY RELATIONS COMMITTEE

Provide state societies a platform to inform boards and NASBA about issues of importance to the regulation of the profession, and enhancing board relations with state societies.

NASBA believes that fostering greater dialogue and collaboration between Boards of Accountancy, State CPA Societies and NASBA is essential to ensuring effective relations and advancing the common interests of the public and the profession. In working toward that goal, the State Society Relations Committee focused on the following initiatives in 2020-21:

- **Anti-Regulation Legislation** – Over the last several years, there has been a concerted effort by various anti-regulatory forces to limit, and in some cases dismantle, the state-based regulatory system for professions and occupations. At a time when the validity of an effective state-based regulatory system is being questioned, the State Society Relations Committee has taken an active role to assist with its preservation.
- **CPA Pipeline** – NASBA leadership regards the CPA pipeline as having a strong public protection nexus and has begun the process of working with State CPA Societies to strengthen the pipeline, both in number of CPAs entering the profession and the diversity represented by them.
- **Diversity** – The Committee continued to work with NASBA’s Diversity Committee and those responsible for making board appointments to ensure that appointments include not only women and minorities, but also individuals with diverse skill sets from a range of firm sizes to individuals who hail from various geographic locations within their jurisdiction, and other components that foster a multicultural board.
- **Joint State Society CEO/State Board Executive Directors Conference** – NASBA’s Executive Directors Committee invited State CPA Society CEOs to a one-day virtual conference during its 39th Annual Conference for Executive Directors and Board Staff. The 2021 conference brought together, for the seventh year in a row, state board executive directors and state society CEOs to participate in sessions that covered matters of mutual interest/concern, future opportunities for collaboration and enhanced communications.

Overall, the work accomplished by the Committee and the work to come will not only foster greater collaboration between Boards of Accountancy, State CPA Societies and NASBA, but it will also assist John W. Johnson, Director of Legislative and Governmental Affairs, when consulting with Boards of Accountancy regarding their legislative strategies.

Committee Members:

Mike Colgan (PA), Chair
Cindy Adams (IA)
Jeannine Birmingham (AL)
Ronald A. Gitz, II (LA)
Blaine M. Peterson (OK)
Amy A. Pitter (MA)
Kimberly Scott (WA)
Scott D. Wiley (OH)

Staff Liaison:

John W. Johnson



STRATEGIC PLANNING TASK FORCE

Consider changes in the accounting profession and the regulation of it that could impact the current NASBA Strategic Plan. Provide recommended updates to the plan for NASBA Board of Directors' deliberation and approval.

Background: The Strategic Planning Task Force discussed a list of action plans resulting from the 2021 Strategic Plan Task Force initiative to refresh NASBA's plans prior to its routine cadence of updates. The result of these conversations validated that the proposed Strategic Plan addressed the appropriate ideas presented.

Task Force members dissected the existing plan, assessed NASBA's mission, values and objectives, and tried to ensure that they align with what the Association is doing and should be doing. Further, the Task Force wanted to make sure that the objectives were measurable. Those were issues and areas members felt NASBA needed to focus on, now and in the near future.

In conclusion, the Task Force confirmed that NASBA's mission, values and objectives are aligned and consistent with the pressures facing the profession. The Strategic Plan document was updated and presented and approved by the NASBA Board of Directors at the Board's July 2021 meeting. The new version will be formatted for printing and distribution. The members of this Task Force were engaged, very thorough, most thoughtful, and made valuable contributions.

Committee Members:

A. Carlos Barrera (TX), Chair
Kent Absec (ID)
Barry M. Berkowitz (PA)
Ken L. Bishop (NASBA)
Patti Bowers (CA)
Michael R. Bryant (NASBA)
Colleen K. Conrad (NASBA)
Daniel J. Dustin (NASBA)
W. Michael Fritz (OH)
Sharon A. Jensen (MN)
Stephen F. Langowski (NY)
Delbert Madison (AL)
Michael M. Massey (NC)
Dan Vuckovich (MT)
Kenya Y. Watts (OH)

Staff Liaison:

Cheryl Farrar

UNIFORM ACCOUNTANCY ACT COMMITTEE

Oversee the Uniform Accountancy Act and related Model Rules and recommend amendments to the Board of Directors.

In October, the joint NASBA/AICPA Uniform Accountancy Act (UAA) Committee held a virtual meeting to continue their discussions on the following topics:

NOCLAR – The comment periods for the AICPA’s Professional Ethics Executive Committee’s (PEEC) and Auditing Standards Board’s (ASB) exposure drafts on Non-compliance with Laws and Regulations (NOCLAR) ended on June 30, 2021. The Committee discussed the need to consider possible amendments to Section 18 of the UAA, Confidentiality, to align the UAA with possible changes to the Code of Professional Conduct and auditing standards.

Work Experience – An ongoing project of the Committee has been to consider amendments to the UAA Model Rules on experience for those who supervise, sign or authorize someone to sign an accountant’s report on an audit or certain examinations.

Principal Place of Business – The UAA provides that a CPA identify his/her principal place of business for mobility and licensure purposes. The pandemic has caused many professionals to work offsite, sometimes in a jurisdiction other than where their firm’s office is located. The Committee discussed what, if any, changes need to be considered in the UAA or the Model Rules.

Barriers to Practice – In light of the recent anti-regulation legislation focusing on potential barriers to practice, the Committee discussed the need to have staff review and identify potential barriers to practice within the UAA.

Committee Members:

Stephanie M. Saunders (VA), Chair
James Corley (AR)
Andrew L. DuBoff (NJ)
Larry Elmore (TN)
Marc Moyers (VA)
John B. Peace (AR)
Vicky Petete (OK)
Donovan W. Rulien, II (AK)
Dan Vuckovich (MT)
Arthur M. Winstead, Jr. (NC)

Staff Liaisons:

Daniel J. Dustin
John W. Johnson



per·se·vere

verb

continued effort to do or achieve something despite difficulties, failure, or opposition



**Coming together is a beginning,
staying together is progress,
and working together is success.**

- Henry Ford



RESILIENCE IN 2021

As individuals continued to persevere and adjust to the world around them, the NASBA Center for the Public Trust (CPT) continued to persevere, adjust and find ways to effectively support StudentCPT chapters and grow its professional programs to fulfill its mission to develop, empower and promote ethical leaders. Working alongside NASBA leadership and members, CPT Board members and other partners, the CPT launched new StudentCPT chapters and continued to host the StudentCPT Lead with Integrity Leadership Series.

STUDENTCPT CHAPTERS

The Student Center for the Public Trust (StudentCPT) Chapter Program is influencing the ethical thinking and decision-making of future business leaders by teaching college students that engaging in ethical business practices is the most sustainable strategy for career advancement. In 2021, a StudentCPT chapter was launched at the University of Guam. With the vision of becoming the largest network of ethical leaders on college campuses, the StudentCPT continues to grow and now connects students in 49 chapters across 24 states and U.S. territories.

ETHICS IN ACTION STUDENT VIDEO COMPETITION

The 2021 *Ethics in Action* Student Video Competition continued to help spread the importance of ethical decision-making through the creativity of college students. Sponsored by the Dean Institute for Corporate Governance and Integrity, the national competition allowed students to share their views on ethics and accountability in business.

This year's competition received 64 video entries generating 1,996 views during Viewer's Choice voting. The competition continues to be an effective tool to teach business ethics to students in a way that is fun, memorable and effective. This year's winning teams represented Loyola University – New Orleans, University of Virgin Islands, University of Colorado – Colorado Springs, Mt. San Antonio College, University of Southern Mississippi, University of Alabama – Birmingham, and University of Wyoming.



ETHICAL LEADERSHIP TRAINING PROGRAM

As a part of the CPT's mission, to shape ethical leadership among professionals, the CPT partners with several State Boards of Accountancy to administer the Ethical Leadership Training (ELT) Program as a disciplinary tool for licensees in their jurisdictions with ethics infractions. This year, the CPT continued to partner with 14 Boards of Accountancy in the use of ELT for disciplinary actions. Participating state boards include Alabama, Florida, Idaho, Kansas, Minnesota, Missouri, North Dakota, Oklahoma, Pennsylvania, South Carolina, Tennessee, Utah, Washington and Wyoming. During the 2020-21 fiscal year, 453 professionals successfully completed the training program with 298 of those individuals being Auburn University graduate students, thanks to a partnership with the university.

Aimed at enhancing ethical decision-making in professionals, the ELT program can be customized to fit the needs of any Board of Accountancy. The CPT is also in talks with several other states about implementing the program. These partnerships will assist the CPT in carrying out its goals of developing ethical leaders, generating revenue to support StudentCPT programming and expanding the program's footprint to include all 55 U.S. jurisdictions.

HBCU INITIATIVE

The CPT has established 49 StudentCPT chapters across the country. Currently, only two are located on Historically Black College and University (HBCU) campuses. However, these campuses present a great opportunity. There are a total of 107 HBCUs across 20 states and the District of Columbia. As a result, the CPT Board voted to initiate a separately funded program to reach HBCU institutions and students and offer them access to the full suite of CPT programming, including Ethical Leadership Training and Development, Ethics Certification, Ethics Case Competitions and attending the Annual CPT Student Leadership Conference.

The new programming seeks to expose greater numbers of HBCU students to ethical leadership and the accounting profession. This program will help advance diversity and inclusion. It will also provide students with access to mentors and others who may aid in their career advancement.

STUDENT ETHICAL LEADERSHIP CERTIFICATION PROGRAM

As the CPT continues to shape the ethical values and principles of college students, the CPT enrolled over 4,457 college students in the Ethical Leadership Certification Program, representing slightly more than a 10% increase in program growth over 2020.

The CPT's current learning management system uses mobile optimization for course delivery, engages learners through gamification elements and provides professors with enhanced class reporting features. The CPT remains committed to using cutting edge technology to educate and empower ethical leaders.



LEAD WITH INTEGRITY LEADERSHIP SERIES & STUDENT LEADERSHIP CONFERENCE

Each year, the NASBA Center for the Public Trust (CPT) hosts the well-anticipated StudentCPT Leadership Conference (SLC). Although the in-person conference was cancelled due to COVID-19 concerns, the CPT hosted a virtual SLC and hosted two virtual Lead with Integrity (LWI) Series, creating opportunities for student leaders to connect and build upon their leadership skills.

The SLC and the LWI Series were designed for students to fine tune their strengths, enhance their ethical decision-making abilities, and learn best practices as it relates to running a StudentCPT chapter. Students joined these conferences via Zoom for a two-hour session throughout the course of a three-day period. Because of the virtual nature of these conferences, students were able to have open dialogue with the speakers.

Held June 7-9, the SLC exposed student participants to topics including The Unintended Effects of Goal Setting, Recruiting Lifelong Leaders, Three Ways Technology Can Impact Ethical Decision-Making and Strengths Based Leadership. The CPT's Lead With Integrity Series was offered during the fall (Oct. 27-29) and spring (Mar. 2-4) semesters and provided students with training and insight on Feast or Famine: Ethics and Accountability in the Workplace, Intentional Leadership, Keys to Leadership Development, Academic Integrity, The True You, and the Impact of Diversity and Inclusion Through Authentic Leadership.

CPT PARTNERS TO PROVIDE ETHICS-RELATED EDUCATION

The CPT continues to support State Boards of Accountancy, State CPA Societies and other professional organizations to deliver in-person and online speaking engagements, trainings, case studies and educational materials.

The CPT delivered presentations and trainings to the South Carolina Board of Accountancy, Alabama Association of School Business Officials (AASBO), Kentucky Educators, and the Association of Government Accountants (AGA). The CPT provided CPE workshops and presentations for the Alabama Society of CPAs, Arkansas Society of CPAs and Kentucky Society of CPAs.

The CPT's partnership with Baruch College as cohosts of the 15th annual Ensuring Integrity: Audit Conference provided CPT President Alfonzo Alexander, the opportunity to virtually speak to more than 150 professionals, business leaders, public accountants, educators, and policy setters.

In the coming year, the CPT will continue to expand online trainings and presentation offerings to Boards of Accountancy, State CPA Societies, and other professional organizations.



CPT LEADERSHIP BOARD OF DIRECTORS

DONALD H. BURKETT, CPA

CPT Chair
Executive Vice President,
Burkett, Burkett & Burkett CPAs

DAVID A. COSTELLO, CPA

CPT Life Director
Retired President & CEO, NASBA & NASBA CPT

LARRY W. BRIDGESMITH, ESQ.

CPT Life Director
CRO, ERM Legal Solutions

MILTON BROWN, PA

CPT Life Director
President & Owner,
Accounting Offices of Milton Brown, LLC

JIMMY E. BURKES, CPA

CPT Secretary
Consultant, Haddox Reid Eubank Betts PLLC

J. COALTER BAKER, CPA

Baker & Cockburn, PLLC, CPAs

TOMMYE BARIE, CPA

Executive VP of Leadership Development
Succession Institute, LLC

CYNTHIA COOPER

CEO, The CooperGroup, LLC

BILL FOWLER, CPA

Senior VP, Scholarship Program, Daniels Fund

LAWRENCE W. HAMILTON, MPA, ED.S.

Consultant

KEVIN JAMES, PH.D., CPA

Dean, North Carolina A&T State University

JEFF KATZ, PH.D.

Professor of Management and the
Oppitz Endowed Professor of Business,
Western Kentucky University

MELVIN J. MALONE, ESQ.

Practice Group Leader, Butler Snow

SEAN P. MCVEY, CPA

Partner, Regulatory & Public Policy Group, Deloitte

ANDREA P. PERRY, ESQ.

Attorney, Bone McAllester Norton, PLLC

JOSEPH PETITO, ESQ.

Retired Principal - Public Policy,
PricewaterhouseCoopers LLP

CPT STAFF

KEN L. BISHOP

CEO, NASBA CPT

ALFONZO ALEXANDER

President, NASBA CPT

SANDRA DAVIDSON, CPA

CFO, NASBA CPT

SEDRIK NEWBERN

Consultant

OCTOBER 2020

NASBA Board approves amendments to UAA Model Rules Article 5 pertaining to education, which promote uniformity among the states and align with CPA Evolution.

NASBA Past Chair K. Michael Conaway ends service as a U.S. Representative (R-TX), with the introduction of Occupational Licensing Board Antitrust Damages Relief Act of 2020 (H.R.8680), cosponsored by Jamie Raskin (D-MD) and David Cicilline (D-RI) on October 23, 2020. NASBA applauds the bipartisan legislation, which protects state licensing boards from antitrust damages.

NOVEMBER 2020

NASBA's 113th Annual Meeting, themed "Resilience," held via Zoom, marking the first virtual Annual Meeting in the Association's history. A total of 464 representatives from 54 of NASBA's 55 member boards were in attendance.

Administration of the Uniform CPA Examination in Egypt and Jordan launches November 2.

"Your Board should reflect the public you protect and the licensees you regulate in order to attain their trust, Chair A. Carlos Barrera shared when emphasizing the need for diversity in the profession during his inaugural chair address.

YEAR *in* REVIEW



FEBRUARY 2021

Following a 44-year tenure as editor of NASBA's *State Board Report*, Vice President, Information & Research, Louise Dratler Haberman retires.

NASBA urges board response to second NOCLAR (non-compliance with laws and regulations) exposure draft issued by the Auditing Standards Board.

MARCH 2021

Accounting Program Curriculum Gap Analysis report issued by AICPA and NASBA confirming many college accounting programs need to update their curricula to keep pace with a changing profession.

ARPL partners with Oxford Economics to commission "Valuing Professional Licensing in the U.S." report, which concluded licensing creates opportunities for higher earnings across all professions and occupations.

APRIL 2021

2021 Virtual Executive Director and Society CEO Conference and Virtual Legal Counsel Conference held April 12-14, 2021.

NASBACast highlights the Accounting Program Curriculum Gap Analysis report as shared by VP, State Board Relations Daniel J. Dustin.

Aspiring CPAs participate in Navigating the U.S. CPA Exam webcast highlighting Exam blueprints, content format and structure and international candidate updates.

MAY 2021

NASBA's Guam Testing and Call Center receives Safe Travels Certification issued by the Guam Visitors Bureau and World Travel & Tourism Council Safe Travels Program.

Administration of the U.S. CPA Exam expands to Israel and Saudi Arabia, effective May 5.

DECEMBER 2020

NASBA and the AICPA announce their decision to administer the U.S. CPA Exam in Canada at approved Prometric test centers through June 30, 2021.

The Accountancy Licensee Database welcomes its 54th participating jurisdiction with the addition of the Utah State Board of Accountancy.

Executive Directors Committee launches monthly ED Chats to discuss topics of current concern, with first virtual call attracting executive directors from 34 jurisdictions.

NASBA headquarters and staff left unharmed following tragic Christmas Day bombing in downtown Nashville.

JANUARY 2021

Administration of the Uniform CPA Exam launches in the Republic of Korea, further supporting candidates' pathway to CPA in the Asia-Pacific region.

Remote Testing webinar held for state board members and staff to hear updates on CPA Exam Remote Testing initiative. Experts from NASBA, AICPA and Prometric field questions and provide insight.

NASBA Treasurer Richard Reisig selected to serve a five-year appointment as a member of the Financial Accounting Foundation Board of Trustees.



JUNE 2021

Virtual New State Board Member Orientation program held on June 8.

NASBA's Eastern and Western Regional Meetings combined into single Regional Meeting held via Zoom, June 22-23, with more than 440 individuals attending.

AICPA and NASBA unveil new CPA Evolution Model Curriculum during online launch event jointly hosted with the American Accounting Association.

Strength Based Leadership, Goals Gone Wild and Using Technology to Impact Ethical Decision Making topped the agenda of the StudentCPT Leadership Conference, held virtually, June 7-9.

JULY 2021

A confirmed 82.9 percent of NASBA staff unite to curb the spread of COVID-19 by receiving their vaccination.

NASBA Board of Directors meets in Nashville, TN and approves the 2021 Strategic Plan as presented by Chair A. Carlos Barrera.

July 2021 CPA Exam blueprints call for more knowledge of data management and relationships and understanding of System and Organization Controls (SOC) reports.

AUGUST 2021

Research team from Clark Atlanta University named recipient of NASBA's Accounting Education Research Grants for 2021. Call for 2022 proposals opens.

NASBA leaders and staff present on Federal Professional Licensure Disclosure Regulation for Academic Institutions during AAA Virtual Annual Meeting.

Comments to proposed NASBA Bylaws changes requested from membership in preparation for 114th Annual Meeting.

SEPTEMBER 2021

NASBA's National Registry of CPE Sponsors hosts virtual eSummit, "Waves of Change, Oceans of Opportunity" on September 14.

Comment period for CPA Exam Practice Analysis draft content ends.

Ken. L. Bishop announces decision to transition 114th Annual Meeting from in-person to virtual program format, amid ongoing pandemic concerns.

PRODUCTS AND SERVICES

NASBA takes an innovative approach to addressing the needs of the Boards of Accountancy, current and prospective CPAs and the public by offering an array of products and services designed to support every stage of the CPA life cycle. From CPA Examination administration, to licensure, to education, these high-quality products and services are helping to shape the future of the accounting profession.

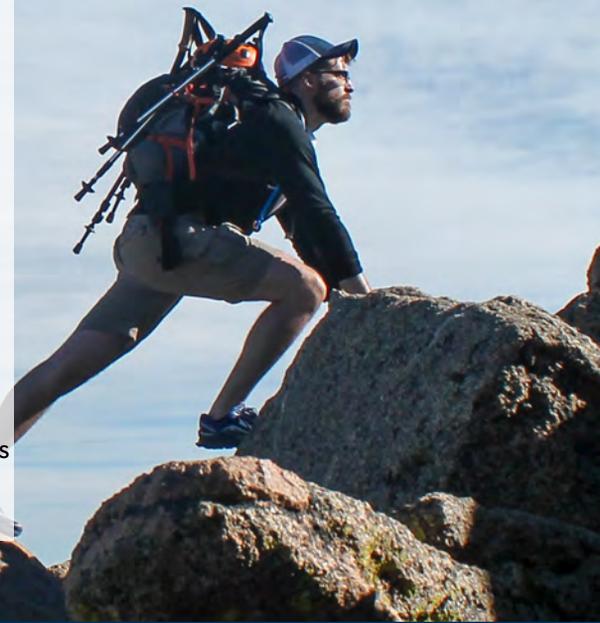
Member services include, but are not limited to, association meetings, evaluation of international coursework and credentials, score reporting and legislative tracking. NASBA's consumer products span from licensing application assistance to continuing professional education (CPE) and compliance management services.

As the profession advances, products and services have also been developed to ensure the public's protection and reaffirm NASBA's position as a trusted resource for additional stakeholders including CPE providers, State CPA Societies, academic institutions and accounting firms of all sizes. The following pages detail more about the various products, services and complementary offerings available through NASBA.



CPA Examination Services

As NASBA's flagship program, CPA Examination Services (CPAES) provides a comprehensive array of services related to the Uniform CPA Examination. A few of these services include application processing, credential evaluations and score reporting. Outsourcing these services to the experienced and reliable professionals at NASBA enables Boards of Accountancy to provide candidates with a positive examination experience while remaining focused on other critical regulatory functions – like enforcement and rule making.



CPA Central is NASBA's headquarters for the Uniform CPA Examination, serving those who wish to take the Exam in a jurisdiction supported by CPA Examination Services (CPAES), NASBA's flagship program. In addition to the user-friendly online application for first-time, re-examination and pre-evaluation (where available) candidates, CPA Central gives Exam takers everything they need in one place, including online score retrieval, Notice to Schedule reprints, application status and history, and quick links that provide useful information on a variety of Exam-related topics, from how the Exam is scored to testing in international locations.



CredentialNet, a service of the NQAS, is an Individual Substantial Equivalency evaluation service for the purposes of mobility and/or reciprocal licensure.



GUAM TESTING CENTER

NASBA's Guam Testing Center administers the Uniform CPA Examination and other miscellaneous exams including admissions exams, certificate exams and the Graduate Record Examination (GRE) to international candidates (primarily from Korea and China). Because of the center's prime location, international candidates find it an advantageous destination for taking these exams.



CANDIDATE CARE

Candidate Care provides personal assistance to candidates who experience difficulties related to taking the CPA Examination. Assistance is also provided to Boards of Accountancy by monitoring center problem reports, Examination exit surveys, and candidate issues to identify potential trends and issues that may warrant further investigation.



TESTING ACCOMMODATIONS AND ADA COMPLIANCE

NASBA's Testing Accommodations team responds to complex legal and clinical testing accommodation requests. Trained and qualified personnel evaluate individual eligibility as well as negotiate and implement testing accommodations in accordance with the Americans with Disabilities Act (ADA) while maintaining the integrity of the CPA Examination.



With the capability and resources to help make the licensing process more efficient for Boards of Accountancy and applicants, NASBA has provided licensing and renewal services to Boards of Accountancy for more than 25 years. CPA Licensing Services include application processing, eligibility determination, electronic file transmissions and board reporting. NASBA also provides excellent and reliable customer service to applicants throughout the entire licensing process.

NASBAstore

NASBAstore.org is a marketplace of CPA Exam products and services, including score transfers and license verifications, available for use by all Boards of Accountancy. The NASBAstore serves many of the needs of today's accounting professionals. It is also the home of NASBA's Wall Certificate Service, offering creative, professional design options to enhance the appearance of licensing certificates and license cards. The Wall Certificate Service offers state-of-the-art printing, timely processing and distribution of plastic license cards and decorative wall certificates. NASBAstore also offers custom framing options, CPA-branded cuff links, mugs, mouse pads and pens to show off the pride that comes with being a CPA.

NATIONAL CANDIDATE DATABASE

The National Candidate Database (NCD) is a database of CPA candidate information created to help NASBA, Boards of Accountancy, the American Institute of Certified Public Accountants (AICPA) and testing centers protect the personal data provided by candidates during application and examination processes. As a central repository for all CPA Examination candidate information, the NCD is a global tracking system for CPA Examination candidates. With the ability to track a candidate's history, from initial application to grading of the Examination, the NCD is a powerful tool for managing testing information.



NASBA offers the International Qualification Examination (IQEX) to qualifying candidates. The purpose of IQEX is to facilitate the U.S. CPA qualification process for accounting professionals from other countries whose professional bodies have entered into mutual recognition agreements developed by NASBA and the American Institute of Certified Public Accountants (AICPA). These agreements have been established with the CPA Australia, Chartered Accountants Australia and New Zealand (CAANZ), CPA Canada (CPAC), Hong Kong Institute of Certified Public Accountants (HKICPA), Chartered Accountants Ireland (CAI), Instituto Mexicano de Contadores Publicos (IMCP), Institute of Chartered Accountants of Scotland (ICAS) and South African Institute of Chartered Accountants (SAICA).



NASBA U is a training and networking event available exclusively to Board of Accountancy executive directors. It is a one-day session held at NASBA's headquarters, located in Nashville, TN. Participants are introduced to a variety of tools and services available to assist board staff in their various roles. Additionally, attendees have an opportunity to network with fellow Board of Accountancy representatives, meet key members of NASBA staff and tour the NASBA facilities.



The NASBA Report on the Uniform CPA Examination is the go-to resource for annual statistics and trends of candidates taking the Uniform CPA Examination. The *Candidate Performance on the Uniform CPA Examination – 2020 Edition* combines the Jurisdiction and University Editions into a single publication. The 2020 Edition includes the popular university rankings, accreditation reporting and cohort tracking, and introduces multi-year trending and percent pass by degree type. This information, available only from NASBA, offers the best overview of CPA Examination trends from around the world, and at the jurisdiction and university level.

LEGISLATIVE TRACKING

NASBA's Legislative Tracking System was created and calibrated specifically for Boards of Accountancy to monitor legislation and amendments (in real time) that affect the regulation of the profession. By allowing boards to become more readily aware and to share knowledge concerning key pieces of legislation that could greatly impact their regulatory responsibility, the tracking system provides an important and unprecedented step toward enhancing the effectiveness and advancing the common interests of all Boards of Accountancy and the profession as a whole.

KEY PERSON CONTACT

In order to develop strong relationships with elected members of state and federal legislative and executive branches of government, in every jurisdiction, NASBA has developed a Key Person Contact (KPC) program. NASBA's KPC program was established to educate elected members of legislative and executive branches of government on issues affecting the CPA profession. Key Person Contacts are NASBA members who recognize the difference that individuals can make in the legislative process. In this role, members act as liaisons between NASBA and lawmakers, creating a line of communication to relay technical and general information regarding legislative issues that impact the profession.

ALLIANCE FOR RESPONSIBLE PROFESSIONAL LICENSING

To combat steps taken in legislatures around the country to weaken or even eliminate occupational licensing laws, in 2019, NASBA became a founding member of the Alliance for Responsible Professional Licensing (ARPL) – a coalition of national associations that represents highly complex, technical professions and their national licensing boards.

ARPL has been created to ensure that a unified voice for the advanced professions is present and heard in the growing debate around the appropriate level of licensure for professions and occupations. While these laws may not intentionally target accountancy, we are at risk of being swept up in overly broad legislation.



The NASBA Experience Verification service was launched in 2016 in response to the accounting profession's increasing

need for a coherent and standardized experience validation and verification process for international and domestic CPA licensure applicants. With the careful guidance of a NASBA client manager, applicants are led through the process and interviewed by a NASBA CPA. Additionally, their work experience is verified. The client managers liaise with both the Board of Accountancy and the applicant to ensure that all requirements are met before the licensure application is sent out for board review.



Now providing service for over 50 jurisdictions, NASBA International Evaluation Services (NIES) is dedicated to the professional and standardized evaluation of international coursework and credentials for candidates applying for the Uniform CPA Examination and licensure.



Aequo International was founded in 2014 to provide universities and other professional boards with the same high standard of international evaluations NASBA offers its member Boards of Accountancy. Aequo International is dedicated to performing accurate domestic and international education evaluations, identifying fraudulent documents and protecting the public.

EDUCATION VERIFICATION

This service offers candidates an alternative to having their educational institutions submit documents directly to NASBA International Evaluation Services for evaluation. This option, called Education Verification, allows candidates who experience difficulty in obtaining official documentation the option of submitting copies of their original documents via email. NIES will then confirm with the source if these documents are authentic, saving candidates the inconvenience of having their university issue official educational documents.



The Advisory Evaluation service aims to guide students along a clear path to the CPA exam, offering a comprehensive understanding of how their current education is viewed by Boards of Accountancy. Advisory Evaluations identify which requirements must be satisfied before a candidate is eligible to sit for the exam in their chosen jurisdiction, eliminating potential delays.

UNDECIDED EVALUATION

The Undecided Evaluation service aims to guide candidates along a clear path to the CPA Exam, offering a comprehensive understanding of how their education is viewed by the U.S Boards of Accountancy. The Undecided Evaluation will equate the candidate's international education to the U.S equivalence and suggest up to three jurisdictions that may provide them the best opportunity to qualify for the CPA Exam. The candidate may use one of the recommendations to apply for a jurisdiction-specific International Credential Evaluation prior to applying to sit for the CPA Exam.



Given the ever-changing regulatory environment and adoption of mobility legislation in most states, it is a challenge to remain up-to-date on the various CPA and firm licensing laws and rules among all Boards of Accountancy. The Accountancy Licensing Library (ALL) helps remove the complexity from the CPA license and firm registration process for busy accounting professionals. This valuable resource contains comprehensive and accurate information for the different types of CPA licenses (initial, reciprocal, mobility/practice privilege and firm registration). Access to ALL is available for purchase by the public and CPA firms NASBA offers complimentary accounts to accounting program chairs at colleges and universities, as well as individuals working to prepare professional licensure disclosures for their institution.

CPAmobility.org

With statutes approved in 53 of the 55 U.S. jurisdictions, individual mobility has become a reality for CPAs from coast to coast. In addition, 31 jurisdictions now offer firm mobility. For individuals, mobility is a practice privilege that generally permits licensed CPAs in good standing, from a substantially equivalent state, to practice outside of their principal place of business without obtaining another license. Likewise, firms meeting the ownership and peer review requirements of the mobility jurisdiction may provide attest services in another state where it is not registered and does not have a physical office, under a "no notice, no fee, no escape" regime. With *CPAmobility.org*, CPAs can learn whether mobility applies to their specific situation and whether firm registration or other paperwork is required – all within four clicks. Desktop and mobile access to *CPAmobility.org* provides a wealth of information at your fingertips.



CPAverify.org is a CPA license search tool populated by official, publicly available, CPA licensing data sent from Boards of Accountancy to a central database. With 54 jurisdictions participating, *CPAverify.org* is the only official, free, single-source national database of licensed CPAs available to the public. Whether verifying that your CPA is actively licensed and in good standing or checking the professional history of a potential employee, *CPAverify.org* provides individuals and organizations alike a convenient and credible way to research a CPA without having to search each Board of Accountancy's website individually.



The National Registry of CPE Sponsors was created to recognize CPE program sponsors that provide continuing professional education programs in accordance with nationally recognized standards. Only learning providers that are

committed to offering high-quality continuing education programs, which improve a CPA's professional competence, are listed on the Registry, and NASBA is proud to have approximately 2,100 currently approved. The National Registry of CPE Sponsors' logo is the seal of approval for CPE. When you see that logo, you can trust that the continuing education you receive will be of the highest quality.



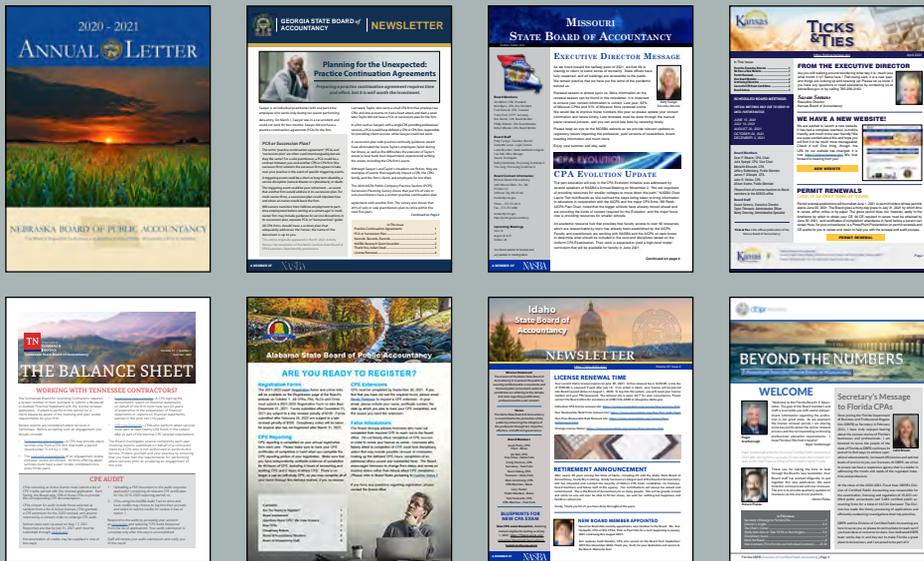
Created to assist Boards of Accountancy with their regulatory mission, the Accountancy Licensee Database (ALD) is a central repository of current licensee and firm information. With the addition of Utah in December 2020, 54 Boards of Accountancy are currently participating, with Hawaii actively working toward implementation. This new addition puts NASBA closer to realizing its goal of housing current and accurate licensing and disciplinary information for individual CPAs and firms from each of the 55 U.S. jurisdictions. The ALD is hosted by NASBA and access to the system is free to Boards of Accountancy.

CPE RULES ENGINE SERVICE

Launched in 2018, and currently with four firm clients using the service, the CPE Rules Engine Service was designed to assist third party clients in calculating the CPE compliance of their professionals. This application uses the rules engine that is the foundation of NASBA’s CPE Audit Service. Clients deliver data input files compliant with NASBA’s specifications on a nightly basis and the NASBA Rules Engine Service returns data output files that can then be used within the particular learning management tool used by the clients.



NASBA’s Communications Department offers complimentary creative services to Boards of Accountancy that are attractive, relevant and audience-driven. Services include editorial and social media consultation, video production and design for newsletters, brochures, mass emails, infographics and annual reports. A total of 45 Boards of Accountancy currently participate in the Communications & Outreach program.



NASBAREGISTRY.ORG

NASBARegistry.org is a comprehensive resource for learning providers listed on the National Registry of CPE Sponsors. Video tutorials, newsletters, sample forms, best practices and online applications are all part of the site. Looking for CPE to meet your requirements? Visit *NASBARegistry.org* to search through more than 21,000 courses to find just what you need. Searches can even be narrowed by date, location, subject area, number of credit hours, CPE provider, delivery method, and more. With all the different continuing education options available, *NASBARegistry.org* makes finding the exact CPE course faster and easier.

NASBA’s CPE Audit Service offers a platform designed to assist Boards of Accountancy with conducting the periodic audits for compliance with continuing professional education requirements. The service allows CPAs to report CPE hours and documentation, electronically, to the board. It offers a turnkey solution for Boards of Accountancy to more efficiently and effectively manage their overall CPE audit process. The service is a benefit of NASBA membership for state boards that participate in the Accountancy Licensee Database (ALD) and have their licensee data records linked with other records across state lines. There are 10 boards currently using the CPE Audit Service to assist with CPE reporting and conducting audits of their professionals’ compliance with their CPE requirements.

**National Association of State
Boards of Accountancy, Inc.**

**Independent Auditors' Report and
Consolidated Financial Statements**

July 31, 2021 and 2020





National Association of State Boards of Accountancy

150 Fourth Avenue North, Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax: 615/880-4290 ♦ www.nasba.org

**REPORT OF PRESIDENT & CHIEF EXECUTIVE OFFICER
AND OF SENIOR VICE PRESIDENT & CHIEF FINANCIAL OFFICER**

September 23, 2021

We, Ken L. Bishop, President & Chief Executive Officer and Michael R. Bryant, CPA, Senior Vice President & Chief Financial Officer, of the National Association of State Boards of Accountancy, Inc. ("NASBA"), jointly and severally, do hereby state and attest that:

To the best of our knowledge and belief, based upon a review of the consolidated financial statements of the National Association of State Boards of Accountancy, Inc. and subsidiaries at and for the years ended July 31, 2021 and 2020, including the notes thereto, as reported on by NASBA's independent auditors, LBMC, PC, such financial statements do not contain an untrue statement of a material fact as of the date hereof nor do such financial statements fail to state a necessary material fact that the absence of would make the financial statements misleading.

We have reviewed the contents of this statement with the Chair of the Audit Committee of NASBA.

Ken L. Bishop
President & Chief Executive Officer

Michael R. Bryant, CPA
Senior Vice President & Chief Financial Officer

NASBA

National Association of State Boards of Accountancy

150 Fourth Avenue North, Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax: 615/880-4290 ♦ www.nasba.org

REPORT OF MANAGEMENT

September 23, 2021

The management of the National Association of State Boards of Accountancy, Inc. and subsidiaries is responsible for the preparation, integrity and objectivity of the consolidated financial statements included in this annual report. These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applied on a consistent basis and present fairly in all material respects the Association's financial position, changes in net assets and cash flows.

Management has established and maintains internal controls designed to give reasonable assurance of the integrity and objectivity of financial reporting, that assets are safeguarded, and that transactions are executed in accordance with appropriate authorizations and recorded properly. Internal controls include the careful selection of employees and members of the management team, the proper segregation of duties, and the communication and application of formal policies and procedures that are consistent with high standards of accounting and administrative practices. The concept of reasonable assurance is based on the premise that the cost of internal controls should not exceed the benefits derived.

The Board of Directors, through its Audit and Administration and Finance Committees, reviews financial and accounting policies, practices and reports, and monitors the system of accounting and internal controls and the competence of persons performing those functions. The Audit Committee also oversees the scope and results of independent audits and any comments on the adequacy of internal controls and quality of financial reporting. The independent auditors render an objective, independent opinion on management's financial statements, and have direct access to the Audit Committee with and without the presence of management.

The Board of Directors also has adopted and monitors personnel policies designed to ensure that employees of the National Association of State Boards of Accountancy, Inc. and subsidiaries are free of any conflicts of interest.



Ken L. Bishop
President & Chief Executive Officer



Colleen K. Conrad, CPA
Executive Vice President & Chief Operating Officer



Michael R. Bryant, CPA
Senior Vice President & Chief Financial Officer



Troy A. Walker, CPA
Director, Finance & Controller

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC. MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2021

MISSION AND STRATEGIC OBJECTIVES

The mission of the National Association of State Boards of Accountancy, Inc. (NASBA) is to enhance the effectiveness and advance the common interests of the Boards of Accountancy (Boards). The 55 member Boards of NASBA are comprised of the 50 U.S. states, the District of Columbia and the U.S. territories of Guam, the Commonwealth of the Northern Mariana Islands, Puerto Rico and the U.S. Virgin Islands. Executive management and staff of NASBA quantify the level of Mission support through matching the activities of NASBA with strategic objectives as formulated by volunteer leadership, Board volunteers and staff. These objectives guide resource deployment and provide emphasis on matters of importance to Boards. As such they become guiding principles for staff, and for the organization, when commencing new services and endeavors.

These strategic objectives go beyond Mission-related Member Services activities. They encompass operating services related to the examination and compliance activities such as licensing on behalf of boards and continuing professional education requirements. Such services create the resources to support Boards in their day-to-day activities of regulation, and ultimately, to fulfill their role of public protection. Service and resource examples include the Accountancy Licensee Database (ALD), Accountancy Licensing Library (ALL), CPE Audit Service, Board relations, legislative and governmental support, enforcement and peer review assistance, and work toward CPA Evolution.

Mission-related expenses also include funding of committees and conferences. There were 24 committees that focused on topics to enhance the effectiveness of CPA regulation. NASBA held virtual conferences comprised of the Annual Meeting, Regional Meeting, and conferences for the Boards' executive directors, staff and legal counsels. And, as its Ethics strategic objective arm, the activities of the NASBA Center for the Public Trust (CPT) are included in Mission-related expenses.

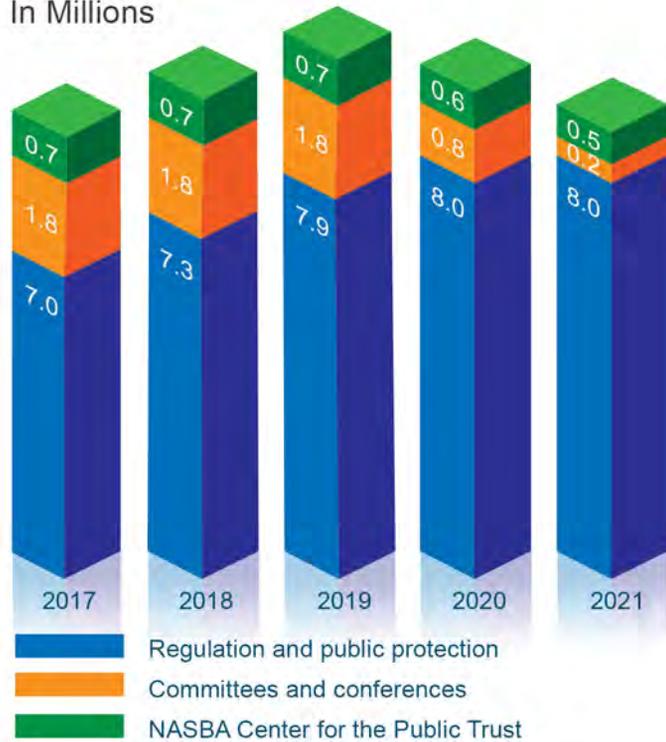


Strategic Objective Categories

- Relationships
- Advocate for Effective State Based Regulation
- Enforcement
- Effective Communication
- Operational Excellence
- Diversity, Equity, & Inclusion
- Legislative & Regulatory Support
- Ethics
- Education & Training
- CPA Pipeline & Career
- Leadership Development

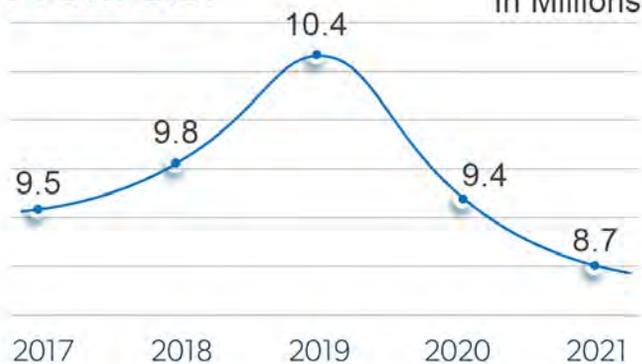
MISSION-RELATED MEMBER SERVICES EXPENDITURES

In Millions



TOTAL MISSION SPENDING FY 2017-2021

In Millions



NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2021

2021 YEAR IN REVIEW

Perseverance perfectly describes the activities of fiscal 2021. After the negative pandemic-related effects of fiscal 2020, NASBA adapted to the new normal and was able to withstand the difficulties that many organizations experienced. NASBA emerged on the other side of fiscal 2020 as a financially strong organization. NASBA has not only persevered by continuing to provide an ongoing level of support to Boards, but by also gaining the experience of navigating uncharted territory in a tough environment. That know-how contributes to future capabilities to adapt to, persevere through, and prosper from uncertainties. Fiscal 2021 was NASBA's best year financially in terms of its total increase in net assets. This increase of \$14.6 million stems from a \$6.6 million operating excess that is the result of a few significant anomalies, primarily related to the pandemic's impact, and also an \$8.0 million increase from investment income.

Even more so than the financial results of fiscal 2021, it is the activities and support to Boards that is the success of fiscal 2021. As the pandemic continued to have a global effect, NASBA assisted Boards

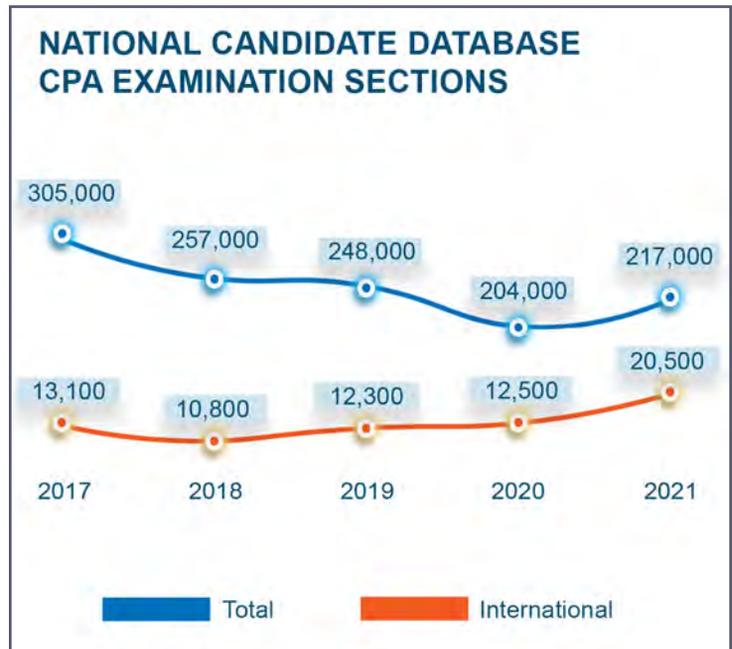
and their licensure candidates with the CPA Examination. This included assisting Boards and their candidates through the end of the extension of their notices to schedule and advising through continued challenges experienced by candidates desiring to test. In addition, the number of locations for testing outside the United States was increased to help with travel restrictions caused by the pandemic.

NASBA continued to provide its same level of support to Boards as previously provided before the pandemic. Although Mission spending was reduced in fiscal 2021, this is almost exclusively the result of expense reductions that were caused by travel restrictions and NASBA's cautious stance related to hosting in-person gatherings. As NASBA readies for the future, preparations for CPA Evolution and changes to the CPA Examination ramped up in fiscal 2021. The financial success of fiscal 2021 provides a financial foundation for significant capital expenditures during the next few years related to these CPA Examination changes.

PROGRAM REVENUE

Mission spending is funded through the diverse revenue streams of NASBA. A majority of the revenue (97% in fiscal 2021) is derived from examination, licensing and related services. As shown in the Consolidated Statements of Activities and also the Program Revenue chart on the following page depicting the different sources of program revenue, only a small percentage is made up of Board member dues, the contributions and program services of CPT and other Mission-related services. Of this amount, only 1% of total program revenue is derived from Board member dues.

Examination and licensing revenue originates from fees for evaluating the credentials of individuals at various points leading to licensure as a CPA and performed on behalf of the respective Board. Services such as application processing, credential evaluations, and score reporting are provided to candidates, ultimately seeking licensure, as a part of assistance to over one-half of the Boards in their examination-related responsibilities. Passing the examination is an essential requirement for becoming licensed. Along with the revenue directly related to the processing of candidates into the CPA Examination channel, NASBA earns revenue related to academic evaluations services for those who have completed education outside of the U.S. Examination and licensing revenue also include fees related to the operation of the National Candidate Database, a central information repository for all CPA Examination candidates globally. Through this database, NASBA assists in the process of testing candidates in both domestic and foreign locations. Once a candidate passes the CPA Examination, NASBA licensing services may also be provided to CPA candidates on behalf of some Boards.



In fiscal 2021, 217,000 examination sections were processed through the National Candidate Database. Included in this total are 20,500 sections related to candidates choosing to test at international locations. Total section volume increased by 6% from the prior year but continued lower than the pre-pandemic volume.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC. MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2021

PROGRAM REVENUE

Additionally, NASBA assists Boards and CPA licensees by identifying quality continuing professional education providers that meet nationally accepted standards for development, presentation, measurement and reporting of educational programs through the National Registry of CPE Sponsors. Revenue is generated by evaluating CPE providers who commit to meeting the highest CPE program standards. To be approved, learning providers must demonstrate that professional competence of a participating CPA is enhanced by the programs offered. As a part of this service, the National Registry Summit is held annually which focuses on continuing professional education standards, improved delivery methods and increased learning effectiveness. NASBA also provides services in which entities receive CPA licensee-specific information about their employees' CPE compliance by jurisdiction. All of this revenue is included in Compliance services.

Member services, dues and other revenue in the Consolidated Statements of Activities includes Board dues, conference fees, and CPT related revenue including contributions and other program services.

Total revenue in fiscal 2021 increased by 27.2% from fiscal 2020. Most of this increase is from examination-related services. This revenue rebounded in fiscal 2021, after a decline in the prior year, due to the effects of the pandemic. One-time anomalies, such as the extension of notice to schedule expiration dates from fiscal 2020 into fiscal 2021, along with other pandemic-related circumstances, brought upon significant swings in revenue between fiscal 2020 and fiscal 2021. In addition, expanded testing opportunities to assist CPA Examination candidates living in countries outside the United States increased examination-related international testing revenue. The increase in this service is shown in the international section volume on the previous page. Compliance services increased by 6.3% in fiscal 2021 over the prior fiscal year as sponsors chose to add alternative delivery methods for their offerings in response to the pandemic. The revenue increase occurred despite a decrease in Registry sponsors as some providers exited the Registry due to the negative economic impact of the pandemic. The decrease in other revenue is attributable to the switch to virtual conferences in fiscal 2021 for which there were no conference fees. In fiscal 2020, one conference was held in-person before the start of the pandemic. This decrease in revenue is offset by the decrease in committee and conference expenses.



PROGRAM REVENUE

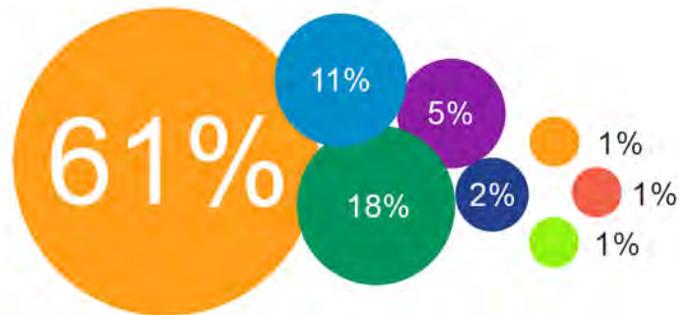
	% CHANGE
OVERALL	27.2%
EXAMINATION & LICENSING	33.9%
COMPLIANCE	6.3%
MEMBER DUES	0.0%
CPT	0.0%
OTHER	-50.0%

In Millions



REVENUE BY ACTIVITY

EXAMINATION	61%
COMPLIANCE SERVICES	11%
INVESTMENTS	18%
INTERNATIONAL EVALUATION SERVICES	5%
LICENSING	2%
CPT	1%
MEMBER DUES	1%
OTHER	1%



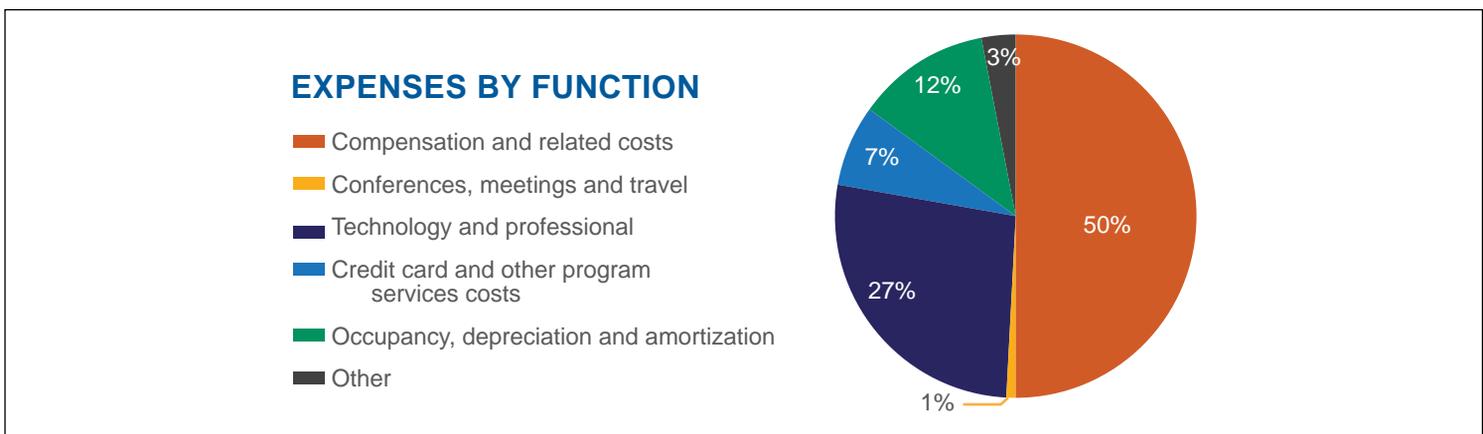
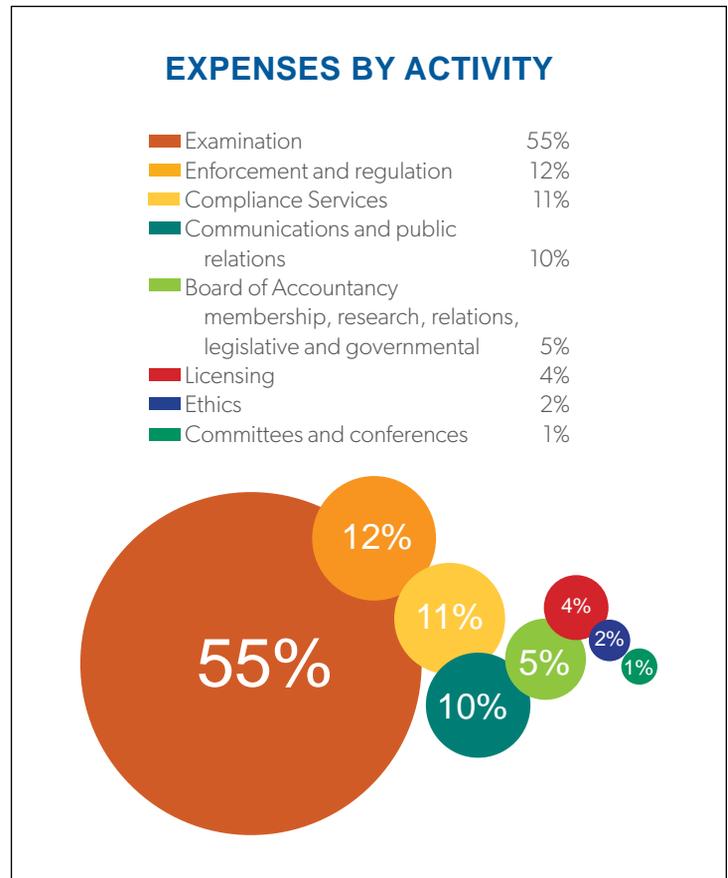
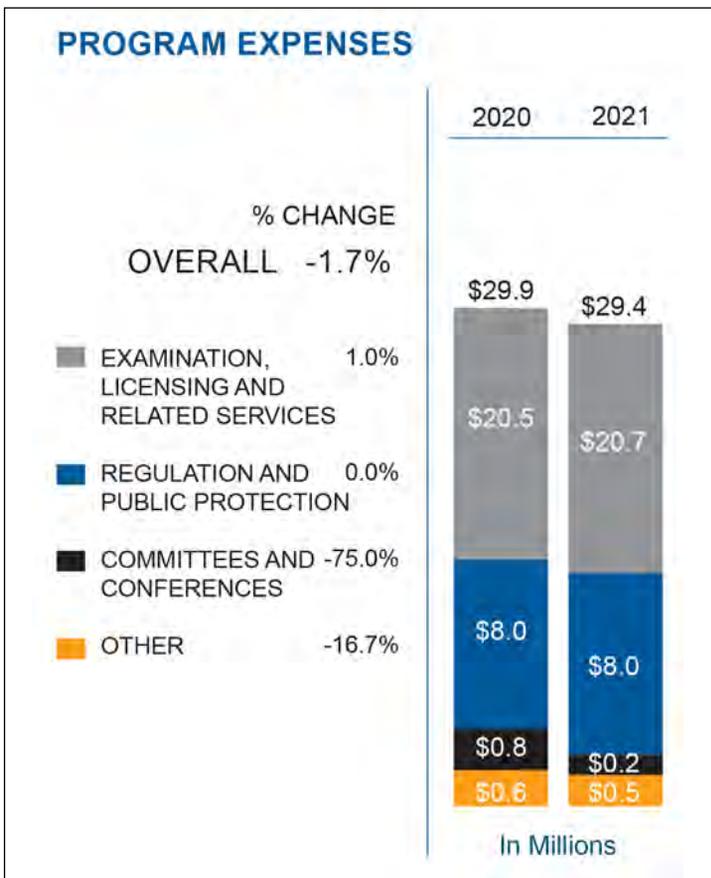
**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2021**

PROGRAM EXPENSES

Total consolidated program expenses decreased from \$29.9 million in fiscal 2020 to \$29.4 million in fiscal 2021 which is a 1.7% decrease.

Travel and meeting expenses related to committees and conferences were \$0.6 million lower in fiscal 2021 than fiscal 2020. As mentioned earlier with program revenue, NASBA held one in-person conference during fiscal 2020 (the October 2019 Annual Meeting) before the pandemic necessitated virtual meetings. NASBA held all of its conferences virtually in fiscal 2021.

As can be seen in the Consolidated Statements of Functional Expenses, the amount of expenses by function for fiscal 2021 was in line with fiscal 2020. Increases in technology and professional services along with credit card and other program services coincided with a decrease in conferences, meetings and travel. All other captions were consistent with the prior year. Overall, total operating expenses for NASBA during fiscal 2021 were incurred on the following programs and services.

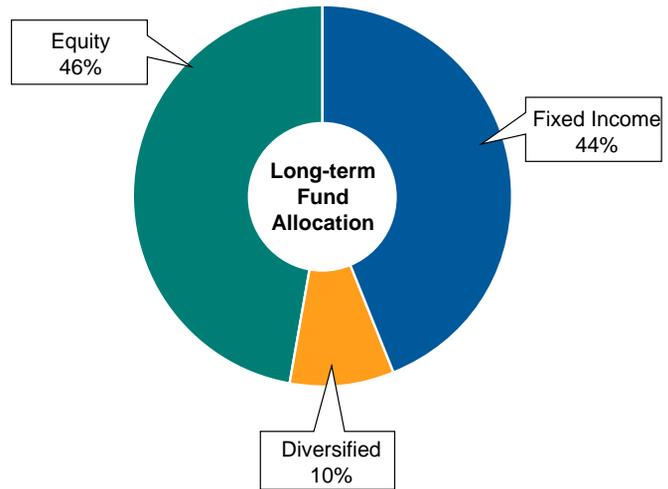


**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2021**

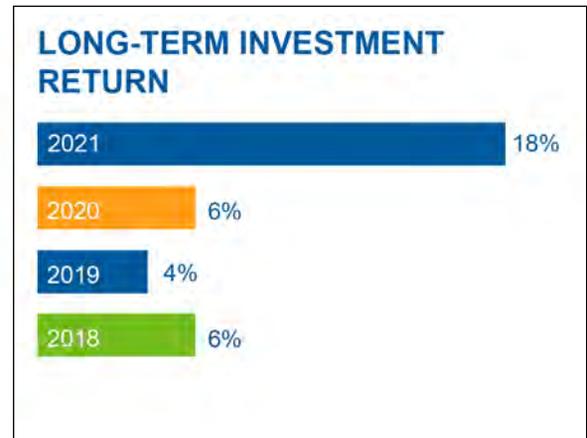
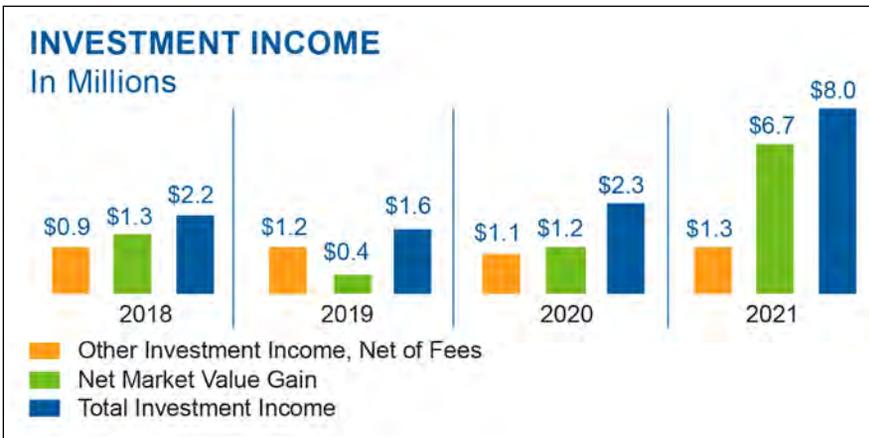
INVESTMENTS

NASBA has long-term investment securities which, if needed, provide liquidity for NASBA in the event funds are needed for significant capital endeavors, an economic downturn, or other disruptive events. The availability of the long-term fund, and its conservative investment posture, provides financial stability, and allows leadership to make mission-focused decisions without disturbing current operational activities.

Investment securities are managed under a board-approved investment policy in which long-term investments are directed at the discretion of an investment advisor who is under the oversight of the NASBA Administration and Finance Committee. Of the total investment securities balance at July 31, 2021, 44% is invested in lower-risk investment securities such as federally insured certificates of deposit, U.S. Treasury and Federal Agency securities, corporate bonds with a rating of investment grade or better, other fixed income mutual funds, separately managed fixed income accounts and money market mutual funds.



As shown in the chart below, after a short duration decline in the financial markets at the start of the pandemic, NASBA’s investments rode a wave of upwardly trending market values that significantly contributed to the fiscal 2021 increase in net assets and overall investment securities balance. This increase occurred even with the generally conservative asset allocation. Total investment income for fiscal 2021 was \$8.0 million with 84% resulting from net market value gains.



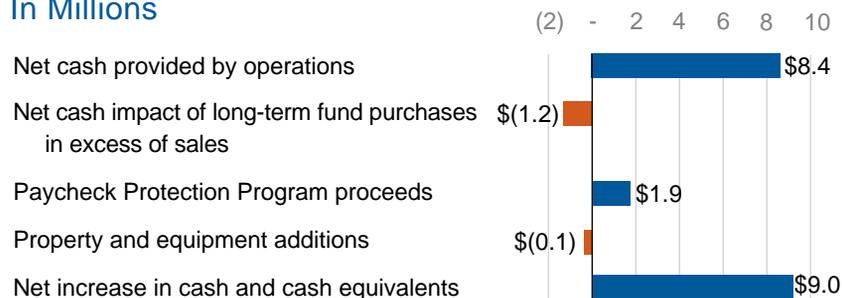
NASBA also has a minimal ownership percentage in a company that includes the operations of a former wholly owned subsidiary. This investment is shown as Investment in affiliate in the Consolidated Statements of Financial Position.

**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2021**

CASH FLOW, FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents increased by a net of \$9.0 million in fiscal 2021. As shown in the chart to the right, most of this increase is related to operations during the fiscal year. As previously discussed, there were one-time anomalies which increased NASBA’s cash from a relatively low level at the end of the prior fiscal year due to the effects of the pandemic and many years of large capital expenditures. The net long-term purchase of investment securities is primarily reinvested dividends. In addition, during fiscal 2021 NASBA received \$1.9 million of proceeds from the Paycheck Protection Program after 501(c)(6) organizations were added to the list of eligible organizations in early calendar 2021. The proceeds received in the current fiscal year helped to offset losses related to the pandemic in the prior fiscal year.

**CASH PROVIDED AND (USED)
In Millions**

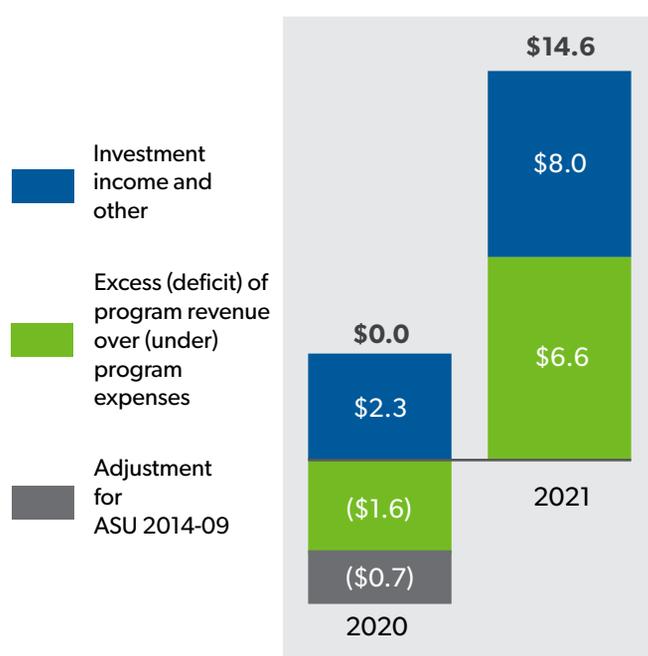


Total cash and cash equivalents were \$15.6 million at July 31, 2021. This amount is comparable to the amount of cash and cash equivalents held prior to the capital investments over the past six years. The current cash levels anticipate large capital investments during the next three years in information technology software projects, including additional software functionality related to CPA Evolution. Note 5 of the consolidated financial statements details the \$67.6 million of financial assets available for general expenditure in fiscal 2022. At this time, management does not anticipate the need to liquidate any long-term assets to meet cash needs during fiscal 2022.

NET ASSETS

The total increase in net assets for fiscal 2021 was \$14.6 million. The change in net assets for the current and prior fiscal years are shown in the following chart.

**CHANGE IN NET ASSETS
In Millions**



NASBA took the experiences from the second half of fiscal 2020 and continued to position itself for the future. The organization succeeded in its mission activities in fiscal 2021 in the post-pandemic environment. NASBA is financially poised to serve Boards in both known challenges, such as near-term changes to the CPA Examination and also the unknown challenges that arise during uncertain times. Management believes the current financial resources and liquidity position are important to meet these future challenges without reduction to the current needs of serving the Boards.

**NET ASSETS
FIVE-YEAR TREND
In Millions**





National Association of State Boards of Accountancy

150 Fourth Avenue North, Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax: 615/880-4290 ♦ www.nasba.org

REPORT OF AUDIT COMMITTEE

September 23, 2021

To the Board of Directors of the
National Association of State Boards of Accountancy, Inc.

The Audit Committee (the "Committee") of the National Association of State Boards of Accountancy, Inc. for the year ended July 31, 2021, was charged by the Board of Directors with the responsibility for oversight of the annual independent audit of the consolidated financial statements.

In connection with the discharge of its responsibility,

- Prior to commencement of the year-end audit work, the Committee met with the independent auditors to discuss (1) the overall scope and specific plans for the conduct of the audit, (2) the performance of agreed-upon procedures related to the escrow accounts and (3) the accounting, reporting and internal control processes and procedures of the National Association of State Boards of Accountancy, Inc.;
- The Committee reviewed the Audit Committee Charter (the "Charter"), which governs the Committee's scope of responsibilities and actions, and recommended certain Charter changes to the Board of Directors who subsequently approved such changes;
- The Committee received presentations from the organization's Chief Information Security Officer summarizing the security program in place for the National Association of State Boards of Accountancy, Inc.;
- The Committee discussed with management and the auditors the impact of COVID-19 on business practices, related controls, financial reporting and risk areas relevant to the National Association of State Boards of Accountancy, Inc.;
- After the completion of the audit, the Committee, along with members of senior management, met with the independent auditors to discuss the results of the audit and the agreed-upon procedures, and, without senior management present, the Committee discussed privately with the independent auditors any matters of concern of the independent auditors;
- The Committee met privately with senior management to discuss and consider the credentials and performance of the independent auditors and made a recommendation to the Board of Directors as to the appointment of an independent audit firm for the year ending July 31, 2022; and
- The Committee utilized a compliance tool to self-assess the execution of its responsibilities as specified in the Charter and reviewed its own performance during the year.

Based on the above, the Committee believes that the annual independent audit and agreed-upon procedures were properly completed, management has maintained adequate systems and controls and followed the appropriate procedures related to financial accounting and reporting, and the Committee has fulfilled its duties in accordance with the Charter for the year ended July 31, 2021.

Respectfully submitted,

The Audit Committee
National Association of State Boards of Accountancy, Inc.

By: Faye D. Miller, CPA, Chair

Other Members of the Committee

Lori J. Druse, CPA
Timothy F. Egan, CPA
Michael T. Schmitz, CPA
Debra Seefeld, CPA
Randa R. Vernon, CPA
Lydia M. Washington, CPA
Judy C. Wetherbee



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
National Association of State Boards of Accountancy, Inc.
Nashville, Tennessee

We have audited the accompanying consolidated financial statements of the National Association of State Boards of Accountancy, Inc. and subsidiaries, which comprise the consolidated statements of activities and functional expenses for the years ended July 31, 2021 and 2020, the related consolidated statements of financial position as of July 31, 2021 and 2020, and consolidated cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the changes in the net assets of the National Association of State Boards of Accountancy, Inc. and subsidiaries for the years ended July 31, 2021 and 2020, financial position as of July 31, 2021 and 2020, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

LBMC, PC

Brentwood, Tennessee
September 23, 2021

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
For Years Ended July 31,
In Thousands

	2021	2020
Program Revenue		
Examination, licensing and related services	\$ 35,073	\$ 27,215
Member services, dues and other revenue	907	1,097
Total program revenue	35,980	28,312
Program Expenses		
Examination, licensing and related services	20,680	20,509
Member services:		
Regulation and public protection	7,998	8,057
Committees and conferences	148	800
Other	543	574
Total program expenses	29,369	29,940
Excess (Deficit) of Program Revenue Over (Under) Program Expenses	6,611	(1,628)
Postretirement Benefit Credit (Cost)	(15)	2
Investment Income	7,979	2,260
Increase in Net Assets Without Donor Restrictions	14,575	634
Increase in Net Assets With Donor Restrictions from Contributions and Investment Income	73	31
Increase in Net Assets	14,648	665
Net Assets, Beginning of Year	55,950	55,970
Adoption of Revenue Recognition Standard	-	(685)
Net Assets, End of Year	\$ 70,598	\$ 55,950

See Accompanying Notes to Consolidated Financial Statements

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For Years Ended July 31,
In Thousands

	Examination, licensing and related services	Member services	Total
2021			
Compensation	\$ 7,946	\$ 3,526	\$ 11,472
Benefits, taxes and other employee costs	2,317	886	3,203
Conferences and meetings	9	83	92
Travel	10	60	70
Technology	1,440	831	2,271
Professional services	3,983	1,646	5,629
Credit card and other program service costs	2,005	16	2,021
Occupancy	1,162	622	1,784
Depreciation and amortization	1,149	689	1,838
Office	343	124	467
Marketing and community support	14	55	69
Other	302	151	453
Total	<u>\$ 20,680</u>	<u>\$ 8,689</u>	<u>\$ 29,369</u>

	Examination, licensing and related services	Member services	Total
2020			
Compensation	\$ 8,039	\$ 3,539	\$ 11,578
Benefits, taxes and other employee costs	2,501	958	3,459
Conferences and meetings	86	529	615
Travel	85	429	514
Technology	1,327	691	2,018
Professional services	3,818	1,670	5,488
Credit card and other program service costs	1,696	19	1,715
Occupancy	1,140	589	1,729
Depreciation and amortization	1,187	663	1,850
Office	289	138	427
Marketing and community support	22	66	88
Other	319	140	459
Total	<u>\$ 20,509</u>	<u>\$ 9,431</u>	<u>\$ 29,940</u>

See Accompanying Notes to Consolidated Financial Statements

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
July 31,
In Thousands

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 15,585	\$ 6,545
Receivables	1,431	835
Prepaid expenses	1,376	1,372
Total current assets	18,392	8,752
Investments and Other Assets		
Investment securities, at fair value	51,286	43,379
Investment in affiliate	884	884
Other assets	264	158
Total investments and other assets	52,434	44,421
Property and Equipment		
Less accumulated depreciation and amortization	8,762	8,896
	4,600	4,069
Net property and equipment	4,162	4,827
Software Development Costs		
Less accumulated amortization	12,235	12,260
	4,446	3,421
Net software development costs	7,789	8,839
Total assets	\$ 82,777	\$ 66,839
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 5,461	\$ 5,440
Deferred revenue	2,258	2,681
Paycheck Protection Program loan	1,938	-
Other current liabilities	127	124
Total current liabilities	9,784	8,245
Long-term Liabilities		
Total liabilities	2,395	2,644
	12,179	10,889
Net Assets		
Without donor restrictions	70,307	55,732
With donor restrictions	291	218
Total net assets	70,598	55,950
Total liabilities and net assets	\$ 82,777	\$ 66,839

See Accompanying Notes to Consolidated Financial Statements

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For Years Ended July 31,
In Thousands

	2021	2020
Operating Activities		
Cash received for services	\$ 37,111	\$ 32,236
Cash received for membership dues	307	311
Cash received from donors to NASBA Center for the Public Trust	130	181
Interest and dividends received	1,371	1,346
Cash paid to employees, vendors and others	(29,892)	(32,699)
Cash received from examination candidates for examination partners	46,517	41,768
Cash paid to escrow accounts for examination partners	(47,096)	(40,745)
	8,448	2,398
Investing Activities		
Property and equipment additions	(142)	(277)
Proceeds from property and equipment disposals	-	1
Capitalized software development costs	-	(364)
Purchases of investment securities	(22,328)	(20,934)
Proceeds from sale of investment securities	21,127	19,815
Other	(3)	(4)
	(1,346)	(1,763)
Financing Activities		
Proceeds from Paycheck Protection Program loan	1,938	-
Principal payments on capital lease	-	(1)
	1,938	(1)
Net Increase in Cash and Cash Equivalents	9,040	634
Cash and Cash Equivalents, Beginning of Year	6,545	5,911
Cash and Cash Equivalents, End of Year	\$ 15,585	\$ 6,545

See Accompanying Notes to Consolidated Financial Statements

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED
For Years Ended July 31,
In Thousands

	2021	2020
Reconciliation of increase in net assets to net cash provided by operating activities:		
Increase in net assets	\$ 14,648	\$ 665
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	788	840
Amortization of software development costs	1,050	1,010
Gains on investment securities	(6,706)	(1,080)
Recognition of deferred rent credit	(112)	(111)
Loss on disposals of property and equipment	2	1
Gains on endowment fund investment securities	(28)	(2)
Changes in assets and liabilities		
(Increase) decrease in:		
Receivables	(596)	505
Prepaid expenses and other assets	(79)	(326)
Increase (decrease) in:		
Accounts payable, accrued and other liabilities	(96)	(104)
Deferred revenue	(423)	1,000
Net cash provided by operating activities	\$ 8,448	\$ 2,398
Non-cash Investing and Financing Activities		
Accrued costs for property and equipment additions	\$ -	\$ 17

See Accompanying Notes to Consolidated Financial Statements

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Nature of Operations

The National Association of State Boards of Accountancy, Inc. (the "Association") is a nonprofit, voluntary membership association of the Boards of Accountancy in the fifty states of the United States of America, the District of Columbia, Guam, the Commonwealth of the Northern Mariana Islands, Puerto Rico and the U.S. Virgin Islands.

The Association provides examination, licensing and related services including programs and activities which facilitate or assist Boards of Accountancy in fulfilling their responsibilities related to the qualifying of candidates for the Certified Public Accountant ("CPA") license. In addition, the Association assists Boards of Accountancy and licensees with the ongoing maintenance of licenses. Services to Boards of Accountancy and licensees include

identifying quality continuing professional education providers that meet nationally accepted standards for development, presentation, measurement and reporting of educational programs. The Association also provides a public forum to facilitate discussion and provide information and support to Boards of Accountancy in their regulatory and enforcement roles.

The Association is the sole member of the NASBA Center for the Public Trust ("CPT"), a subsidiary nonprofit, public benefit corporation. The Association is also the sole member of Aequo International, LLC ("Aequo"), a Delaware single-member limited liability company.

Note 2. Significant Accounting Policies

Basis of presentation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Principles of consolidation

Included in these consolidated financial statements are the accounts of CPT and Aequo. All inter-entity accounts and transactions of the Association and its subsidiaries (collectively "NASBA") are eliminated in consolidation.

Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash equivalents include investments in money market funds and U.S. Government obligations with original maturities, or remaining maturities when acquired, of 90 days or less. Cash and cash equivalents are maintained at a level to meet anticipated operating needs in financial institutions which management believes are financially strong. Deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain limits. From time to time, cash and cash equivalents exceed FDIC limits. At July 31, 2021, the portion of the balance exceeding the FDIC insurance

limits is approximately \$300,000. NASBA has not experienced any losses due to exceeding the FDIC insurance limits and management believes that NASBA is not exposed to any significant credit risk related to cash and cash equivalents.

Receivables and credit policies

Receivables are generally uncollateralized obligations arising from various contractual agreements for examination services. Collection is anticipated within 30 days unless otherwise specified. Receivables also include unconditional written promises to contribute to CPT ("pledges") which are recorded in the year the promise is made. Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discussed more fully in Note 3.

The carrying amount of all receivables is evaluated and reduced by a valuation allowance, if necessary. The need for an allowance is determined based on management's knowledge of its customers, contributors, historical loss experience and existing economic conditions. Management has determined that no allowance is required at July 31, 2021 or 2020.

Prepaid expenses

Prepaid expenses consist primarily of prepaid insurance premiums, equipment maintenance contracts, subscription services, and travel and meeting costs. The asset is expensed in the period to which the benefit applies.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

Investment securities

NASBA generally invests all resources in excess of anticipated working capital requirements in U.S. Treasury and Federal Agency obligations, corporate obligations, certificates of deposit, fixed income and equity investment funds, and pooled accounts which may contain diversified investments. Investments are made in accordance with an investment policy approved by the Board of Directors. Under the investment policy, the investment securities are required to meet certain criteria as to allowable asset classes and the composition of investments within those classes. Risk characteristics of the portfolio are managed via three primary asset classes of equity, fixed income and diversified investments. The diversified asset class contains investments whose returns generally are not correlated with those of the equity and fixed income asset classes. The diversified asset class is intended to provide risk-versus-return characteristics that are beneficial to the portfolio. NASBA's investments are carried at fair value. These investments are discussed more fully in Note 4.

CPT's donor-restricted endowment funds are invested in accordance with an investment policy approved by the CPT Board of Directors and are generally invested in fixed income and equity investment funds.

Securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with investment securities, it is reasonably possible that changes in their value will occur in the near term and that such changes could be material to the consolidated financial statements.

Investment in affiliate

NASBA's investment in an affiliate is accounted for as an investment in an equity security of a nonpublic entity without a readily determinable fair value. It is carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. NASBA reviews the investment in affiliate on a regular basis to determine if the investment is impaired. Factors such as the investee's earnings and revenue outlook, liquidity and management ownership are considered in its review. If management's assessment indicates that an impairment exists, NASBA estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount. NASBA also reviews any observable transactions related to its securities that are similar and which might indicate a change in fair value at the date of the transaction. This investment is discussed more fully in Note 6.

Property and equipment

Property and equipment acquired are stated at cost. Assets are either depreciated using the straight-line method over their estimated useful lives or, in the case of leasehold improvements,

amortized over the shorter of their useful life or the term of the lease. The estimated useful lives range from 2 to 5 years for office and computer equipment and 8 to 12 years for furniture. The cost of property and equipment is recorded in the consolidated statements of financial position until the asset is disposed. Repair and maintenance costs are expensed as incurred. Property and equipment are discussed more fully in Note 7.

Software development costs

Costs associated with the development of software for internal use are capitalized and amortized over the software's useful life which ranges from 5 to 12 years. Amortization begins when the software is ready for its intended use. Software development costs are recorded in the consolidated statements of financial position until the software is no longer used. In addition, NASBA has various software hosting arrangements that are accounted for as service contracts. Software development costs and hosting arrangements that are service contracts are discussed more fully in Note 8.

Realization of long-lived assets

Long-lived assets, which include property, equipment and software development costs, are reviewed for impairment. Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, the asset is adjusted to its estimated fair value.

Net assets

Net assets, revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All net assets with donor restrictions are associated with CPT and are discussed more fully in Note 11.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

Revenue recognition

Effective August 1, 2019, NASBA adopted new guidance in ASU 2014-09 *Revenue from Contracts with Customers (Topic 606)* using the modified retrospective method. The adoption resulted in a decrease of \$685,000 to fiscal 2020 beginning net assets without donor restrictions.

Revenue for the Association from examination, licensing and related services primarily consists of various fees from individuals seeking to qualify for the CPA license. The Association facilitates the Boards of Accountancy by evaluating the credentials of individuals at various milestones in the process leading to licensure as a CPA. Similar services are provided by Aequo for certain professions other than CPAs. In addition, revenue for the Association is generated by evaluating continuing professional education ("CPE") providers that meet established standards for education programs. Revenue from these services are mostly recognized over time as progress towards completion of the evaluations are made, as this measures the value of the service transferred to the customer. For most of these services, there is one performance obligation associated with the fee from the customer which represents the transaction price. For those with multiple performance obligations, the total fee is representative of each separate standalone price.

To determine the transaction price of examination, licensing and related services that also includes variable consideration, an estimated amount of variable consideration is determined at the outset of the contract utilizing the expected value method. NASBA constrains (reduces) the estimated variable consideration such that it is probable that a significant reversal of previously recognized revenue will not occur throughout the life of the contract. When

determining if variable consideration should be constrained, management considers whether there are factors outside of NASBA's control that could result in a significant reversal of revenue by considering the likelihood and magnitude of a potential reversal of revenue. These estimates are re-assessed each reporting period as required.

Also included in revenue from examination, licensing and related services is a service provided by the Association in which the customer receives CPA licensee-specific information about the customer's employees' CPE compliance by jurisdiction. Multiple services may be provided to the customer but, in total, represents a single performance obligation. Revenue for this service is recognized ratably over time using the straight-line method as the service is generally provided daily.

Revenue for the Association from member services, dues and other revenue consists primarily of a subscription service containing jurisdictional laws and rules governing CPAs, membership dues and conference fees. Each of these services represent a separate, single performance obligation. For both the subscription service and membership dues, revenue is recognized over time using the straight-line method as the performance obligations are satisfied. Conference fees are recognized at a point in time when the event is held.

Also included in revenue from member services, dues and other revenue are the program services of CPT. These services primarily represent online training courses which are recognized at a point in time when access is provided to the customer.



NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

Revenue recognition

The following is the amount of revenue recognized in the consolidated statements of activities from contracts with customers and other sources of revenue for fiscal 2021:

(In thousands)	Revenue from contracts with customers	Other sources of revenue
Examination, licensing and related services	\$ 35,073	\$ -
Member services, dues and other revenue	794	113
Total Revenue	\$ 35,867	\$ 113

The following is the amount of revenue recognized in the consolidated statements of activities from contracts with customers and other sources of revenue for fiscal 2020:

(In thousands)	Revenue from contracts with customers	Other sources of revenue
Examination, licensing and related services	\$ 27,215	\$ -
Member services, dues and other revenue	942	155
Total Revenue	\$ 28,157	\$ 155

Total revenue recognized over time was \$35,045,000 and \$26,492,000 for fiscal 2021 and 2020, respectively. Total revenue recognized at a point in time was \$822,000 and \$1,665,000 for fiscal 2021 and 2020, respectively.

NASBA accounts for taxes collected from customers and remitted to governmental entities on a net basis.

Unconditional contributions to CPT are recognized as revenue when the contribution or pledge is received. Contributions with a condition stipulated by the donor are recognized as revenue when the condition is substantially met by CPT.

NASBA primarily receives payment in advance at the time the services are requested by the customer. In all other instances, NASBA receives payment from customers based on billing schedules established in its contracts. NASBA's right to consideration that is unconditional and has been invoiced is

considered to be a receivable. Contract assets include amounts for which NASBA has a right to consideration in exchange for goods or services that NASBA has transferred to the customer but has not invoiced. These contract assets total \$200,000 and \$258,000 at July 31, 2021 and 2020, respectively, and are included in Receivables in the consolidated statements of financial position. Deferred revenue in the consolidated statements of financial position represents contract liabilities for which NASBA has received consideration and is obligated to transfer goods or services to the customer. These contract liabilities total \$2,258,000 and \$2,681,000 at July 31, 2021 and 2020, respectively.

Management and administrative costs

Management and administrative costs are allocated to program expenses based principally on the personnel devoted to the program.

Income taxes

The Association is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(6) and applicable state tax statutes. CPT is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and applicable state tax statutes. The Association and CPT are subject to tax on any income unrelated to their exempt purposes, unless that income is otherwise excluded by the Internal Revenue Code. Aequo has elected to be taxed as a corporation. Aequo accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to the estimated tax benefit of carryforwards and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In assessing the realization of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. Valuation allowances are provided if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Income taxes are discussed more fully in Note 15.

Contributed Services

Many individuals contribute significant amounts of time to NASBA's activities. The value of these individuals' services is not recorded in the consolidated financial statements because such services would typically not be purchased by NASBA if they had not been provided by contribution. Meeting and travel expenses for these individuals are reimbursed.

Note 3. Contributions Receivable

Contributions receivable, consisting of pledges to CPT, at July 31, 2021 and 2020 total \$51,000 and \$26,000, respectively. These amounts are due in less than one year at their respective

dates. Contributions receivable are included in Receivables in the consolidated statements of financial position.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Fair Value Measurement

Authoritative guidance clarifies the definition of fair value, establishes a framework for measuring fair value and expands the disclosures for fair value measurement. 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 Level 1 inputs that represent unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs are directly or indirectly observable inputs other than quoted prices included in Level 1. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and inputs other than quoted prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs and have the lowest priority.

At July 31, 2021 and 2020, the valuation method used to determine fair value for Level 1 investment securities is the last reported sales price on the last business day of the fiscal year reported by the active

markets in which the individual securities are traded. The valuation methods used for Level 2 investment securities are estimates using market-based measurements, such as quoted prices for similar assets, executed trades and yield curves, for U.S. Government and other debt obligations and, for managed pool accounts, the net asset value ("NAV") as reported by the investment company which is derived from the value of the underlying investments. There have been no changes in the valuation methods used.

Certain investments are measured at NAV as a practical expedient to estimate fair value, and therefore, have not been classified in the fair value hierarchy. The fair value amounts presented in the following tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

The fair value of investment securities at July 31, 2021 is as follows:

(In thousands)	Level 1	Level 2	Total
Assets in the Fair Value Hierarchy:			
Mutual Funds			
Equity securities	\$ 12,479	\$ -	\$ 12,479
Fixed income securities	1,741	-	1,741
Diversified investments	959	-	959
Money market	605	-	605
Total mutual funds	15,784	-	15,784
Exchange-traded Funds			
Equity securities	5,339	-	5,339
Total exchange-traded funds	5,339	-	5,339
Separately Managed Accounts			
Equity securities	5,761	-	5,761
Fixed income securities	2,800	-	2,800
Total separately managed accounts	8,561	-	8,561
U.S. Government and Other Debt Obligations			
Certificates of deposit	-	2,402	2,402
Treasury securities	-	3,233	3,233
Federal agency securities	-	4,135	4,135
Corporate bonds	-	7,834	7,834
Total U.S. government and other debt obligations	-	17,604	17,604
Managed Pool Accounts			
Diversified investments	-	819	819
Total managed pool accounts	-	819	819
Total assets in fair value hierarchy	\$ 29,684	\$ 18,423	48,107
Investments measured at NAV as a practical expedient:			
Diversified investments			3,179
Total Investment Securities			\$ 51,286

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Fair Value Measurement (Continued)

The fair value of investment securities at July 31, 2020 is as follows:

(In thousands)	Level 1	Level 2	Total
Assets in the Fair Value Hierarchy:			
Mutual Funds			
Equity securities	\$ 12,599	\$ -	\$ 12,599
Fixed income securities	1,456	-	1,456
Diversified investments	849	-	849
Money market	1,964	-	1,964
Total mutual funds	16,868	-	16,868
Exchange-traded Funds			
Equity securities	4,937	-	4,937
Total exchange-traded funds	4,937	-	4,937
Separately Managed Accounts			
Equity securities	2,703	-	2,703
Fixed income securities	2,559	-	2,559
Total separately managed accounts	5,262	-	5,262
U.S. Government and Other Debt Obligations			
Certificates of deposit	-	4,349	4,349
Treasury securities	-	617	617
Federal agency securities	-	983	983
Corporate bonds	-	7,339	7,339
Total U.S. government and other debt obligations	-	13,288	13,288
Managed Pool Accounts			
Diversified investments	-	577	577
Total managed pool accounts	-	577	577
Total assets in fair value hierarchy	\$ 27,067	\$ 13,865	40,932
Investments measured at NAV as a practical expedient:			
Diversified investments			2,447
Total Investment Securities			\$ 43,379

NASBA has committed to contribute a total of \$250,000 to an investment fund which is measured at NAV as a practical expedient. The commitment period was extended from December 31, 2020 to December 31, 2021 during fiscal 2021. At July 31, 2021, \$59,000 of the total commitment remains including recallable distributions. NASBA has two additional investment funds which are measured at NAV as a practical expedient which previously had a total commitment of \$500,000. These funds measured at NAV as a practical expedient have a strategy of investing in real estate, natural resources, power generation assets, financially distressed companies, and other private equity opportunities. Distributions will be made periodically over a period, including extensions, of up to approximately nine years from the end of the fiscal 2021. Additional contributions may be required during the distribution period.

In addition, two other investments measured at NAV as a practical expedient at July 31, 2021 and 2020 were invested with investment companies in which redemption is typically either permitted on a

quarterly basis with written notice no later than the 25th day of the month prior to the redemption date or on a monthly basis with written notice no later than the second to last business day of the month. The total amount of all requested redemptions for each period may be limited. For one of the investments, shares that have not been outstanding for at least one year will be repurchased at 95% of the transaction price.

The managed pool account included in Level 2 investments may be redeemed on a daily basis.

NASBA's nonfinancial assets include property, equipment and software development costs. If certain triggering events occur, a resulting asset impairment would require that the nonfinancial asset be recorded at fair value. During fiscal 2021 and 2020, NASBA did not measure any nonfinancial assets at fair value or recognize any amounts in the consolidated financial statements related to changes in fair value for nonfinancial assets.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Liquidity and Availability

The following schedule reflects NASBA's financial assets as of July 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of this date:

(In thousands)	2021	2020
Cash and cash equivalents	\$ 15,585	\$ 6,545
Receivables	1,431	835
Investment securities, at fair value	51,286	43,379
Investment in affiliate	884	884
Endowment fund (included in Other assets)	154	123
Total financial assets	69,340	51,766
Investment securities with liquidity horizons greater than one year	(574)	(475)
Investment in affiliate	(884)	(884)
Donor-imposed restrictions on CPT financial assets	(291)	(218)
Financial assets available to meet cash needs for general expenditures within one year	\$ 67,591	\$ 50,189

Annual operating and capital expenditures, along with other liabilities and obligations, are anticipated to be funded primarily through cash received for services. NASBA invests excess cash in both short-term and long-term investment securities based on the anticipated time horizon of general expenditure requirements. As more fully described in Note 4, \$22,750,000 and \$19,267,000 of long-term investment securities at July 31, 2021 and 2020, respectively, are invested in lower risk fixed income and money market securities. In addition, \$27,962,000 and \$23,637,000 are in securities which could be liquidated within one year at July 31, 2021 and 2020, respectively. If circumstances required expenditures that could not be funded through current financial assets, investment securities could be sold to meet the need. The remaining \$574,000 and \$475,000 at July 31, 2021 and 2020, respectively, is invested in securities with redemption limitations.

As of the date this report was available to be issued, the United States, and many other countries, continue to experience an infectious disease (COVID-19) outbreak. While it is not possible to predict the future impacts of the outbreak on NASBA's financial condition and results of operations, disruptions to key business drivers, such as customer demand, supply chain, workforce, and production, are possible. As of the date of this report, NASBA has not experienced any significant adverse effects. Management continues to closely monitor the situation and to respond in ways designed to mitigate such impacts. One response in fiscal 2021 was the application for, and receipt of, \$1,983,000 of loan proceeds from the Paycheck Protection Program. Additional information regarding this loan is discussed in Note 9.

Note 6. Investment in Affiliate

NASBA holds an equity interest in a privately held limited liability company which is accounted for as described in Note 2. No

impairment was deemed present and no adjustment to the carrying value was made in fiscal 2021 or 2020.

Note 7. Property and Equipment

Property and equipment at July 31 consists of the following:

(In thousands)	2021	2020
Office and computer equipment	\$ 2,425	\$ 2,561
Furniture	1,935	1,933
Building and leasehold improvements	4,402	4,402
Total Property and Equipment	8,762	8,896
Accumulated depreciation and amortization	(4,600)	(4,069)
Net Property and Equipment	\$ 4,162	\$ 4,827

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Software Development Costs

The estimated amortization expense of software development costs for the succeeding five fiscal years at July 31, 2021 is as follows in thousands:

Fiscal 2022	\$	1,008
Fiscal 2023		1,008
Fiscal 2024		1,008
Fiscal 2025		992
Fiscal 2026		942

In addition to software development costs, certain implementation costs of hosting arrangements that are a service contract are also capitalized. These hosting arrangements are for various software subscriptions services. The capitalized amount is included in

prepaid expenses in the consolidated statements of financial position along with the prepayment of the fees for the associated hosting arrangements. The net capitalized implementation costs included in prepaid expenses at July 31 consists of the following:

(In thousands)	2021	2020
Capitalized implementation costs	\$ 202	\$ 121
Cumulative amount expensed	(95)	(55)
Net Capitalized Implementation Cost	\$ 107	\$ 66

Note 9. Paycheck Protection Program Loan

On March 19, 2021, NASBA received an unsecured loan in the amount of \$1,938,000 to fund payroll, benefits, rent and utilities pursuant to the Small Business Administration's Paycheck Protection Program ("PPP") under the Coronavirus Aid Relief and Economic Security Act, as amended by the Paycheck Protection Program Flexibility Act of 2020. The loan accrues interest at a rate of 1% and has an original maturity date of two years which can be extended to five years by mutual agreement of NASBA and the lender. Loan repayments are deferred until ten months after the last day of the covered period ("deferred date"). The covered period from March

19, 2021 to September 3, 2021 is the period in which the funds may be used. NASBA will seek forgiveness of the loan. Any amount not forgiven will be payable in equal installments of principal plus any interest owed on the payment date from the deferred date through the maturity date of the loan. Accrued interest that is not forgiven will be due the month following the deferred date. The balance of the loan was \$1,938,000 as of July 31, 2021. The entire balance is classified as current as it is expected to be forgiven or repaid within one year. Any amount forgiven will be recognized as debt forgiveness income in fiscal 2022.

Note 10. Long-term Liabilities

Long-term liabilities at July 31 consist of the following:

(In thousands)	2021	2020
Accrued rent payable	\$ 1,463	\$ 1,619
Deferred rent credit	601	713
Accumulated postretirement benefit obligation	331	312
Total Long-term Liabilities	\$ 2,395	\$ 2,644

Note 11. Net Assets with Donor Restrictions

Net assets with donor restrictions at July 31 have donor-imposed restrictions as follows:

(In thousands)	2021	2020
Time and purpose-restricted endowment investment income	\$ 61	\$ 30
Purpose-restricted Endowment fund	137	95
	93	93
Total Net Assets with Donor Restrictions	\$ 291	\$ 218

In accordance with the Uniform Prudent Management of Institutional Funds Act, the contributions received for the endowment fund are included in net assets with donor restrictions.

Net assets without donor restrictions include the net assets without donor restrictions of CPT, which as of July 31, 2021 and 2020, respectively, are \$743,000 and \$550,000.

**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 12. Agreements to Provide Examination Services

Effective December 21, 2020, NASBA entered into an amendment of the amended and restated agreement (the "Domestic Agreement") with Prometric, Inc. ("Prometric"), a company that provides technology-enabled testing services, and the American Institute of Certified Public Accountants ("AICPA") to jointly deliver a computerized uniform CPA examination (the "examination"). The Domestic Agreement currently expires on December 31, 2024 with respect to Prometric. The Domestic Agreement expires on December 31, 2039 with respect to the AICPA and will automatically renew for consecutive two year renewal periods until either NASBA or the AICPA notifies the other at least two years before the expiration of the current term.

Under the terms of the Domestic Agreement, NASBA operates and maintains a National Candidate Database which serves as a gateway for all examination candidates. The Domestic Agreement allows for NASBA to recover, through fees charged directly to CPA examination candidates, all National Candidate Database costs, including development, and the costs of providing grade reporting and examination review services.

Effective December 21, 2020, NASBA entered into an amendment of the amended and restated agreement (the "International Agreement") with the AICPA to allow the examination to be delivered by Prometric in international locations. In addition, effective December 21, 2020, NASBA and AICPA entered into an amendment of the agreement (the "CBT International Agreement") with Prometric for the delivery of the examination in certain international locations. Under the terms of the International Agreement and CBT International Agreement, NASBA provides similar services as provided in the Domestic Agreement. The International Agreement and the CBT International Agreement have the same term and renewals as the Domestic Agreement.

NASBA also collects the Prometric and AICPA fees from candidates related to the examination. These funds are held in escrow accounts and are disbursed when services are provided. At July 31, 2021 and 2020, these escrow funds amounted to approximately \$22,000,000. These funds are held in depository accounts and U.S. Treasury notes. At July 31, 2021, no portion of the escrow funds balance held in depository accounts temporarily exceeded FDIC insurance limits. Escrow funds and the related obligations are not reported in the consolidated financial statements because they do not represent assets or obligations of NASBA.

Note 13. Retirement Plan and Other Postretirement Benefits

NASBA maintains a 401(k) plan which allows employee and employer contributions for all full-time employees meeting specified requirements. Expenses related to NASBA's funding of the retirement plan amounted to \$659,000 and \$655,000 for fiscal 2021 and 2020, respectively. NASBA funds its obligation through annual contributions made after the end of the December 31 plan year and generally pays all fees related to the plan.

NASBA has made available limited postretirement medical benefits for certain management-level employees with five years of service and a minimum age of 60. During fiscal 2020, eligibility was closed to future participants. At July 31, 2021 and 2020, the accumulated postretirement benefit obligation was determined by an independent actuarial valuation to be \$347,000 (\$331,000 noncurrent and \$16,000 current) and \$324,000 (\$312,000 noncurrent and \$12,000 current), respectively, and is included in the consolidated statements of financial position.

The following table sets forth the components of net periodic postretirement benefit cost and the change in the benefit obligation:

(In thousands)	2021	2020
Components of net periodic cost:		
Service cost	\$ 15	\$ 25
Interest cost	5	9
Actuarial (gain) loss	10	(11)
Net periodic cost	30	23
Plan participants' contributions	8	7
Benefits paid	(15)	(15)
Net change in benefit obligation	23	15
Benefit obligation at beginning of year	324	309
Benefit Obligation at End of Year	\$ 347	\$ 324

The discount rate used to value the obligation was 1.89% in fiscal 2021 and 1.54% in fiscal 2020. The assumed medical trend rate is 6.25% graded uniformly to 5.75% over a period of 2 years and the assumed dental trend rate is 4% per annum.

**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 13. Retirement Plan and Other Postretirement Benefits (Continued)

The obligation will be funded on a cash basis through partial payment of medical insurance plan premiums for a five-year period at each eligible employee's retirement date. Employer contributions were \$7,000 and \$8,000 in fiscal 2021 and 2020, respectively. The following table shows approximate actuarial projections of expected future postretirement benefit payments in thousands:

Fiscal 2022	\$	16
Fiscal 2023		22
Fiscal 2024		25
Fiscal 2025		36
Fiscal 2026		30
Fiscal 2027 through 2031		140

Note 14. Commitments

NASBA has a commitment for its Nashville office space under an operating lease that expires in January 2028. In July 2020, NASBA amended the operating lease for its Nashville office space which deferred a portion of the monthly minimum lease payments from fiscal 2020 to fiscal 2021 and fiscal 2022. This amendment did not change the total minimum lease payments required under the lease. In addition, NASBA has a commitment for its New York office space through October 2028. However, both NASBA and the lessor have a right to terminate the lease effective October 2023. NASBA also has a commitment for its Guam office space through December 2022. Total scheduled rent payments under these leases are amortized to rent expense on a straight-line basis over the terms of the leases. Minimum lease payments are as follows in thousands:

Fiscal 2022	\$	1,836
Fiscal 2023		1,738
Fiscal 2024		1,591
Fiscal 2025		1,586
Fiscal 2026		1,634
Thereafter		2,547
Minimum Lease Payments	\$	10,932

Effective September 1, 2021, NASBA entered into a sublease agreement for its New York office space. The sublease will expire in October 2023. Total minimum rentals to be received in the future under the noncancelable lease term are \$307,000.

Net rent expense charged to operations for office space in fiscal 2021 and 2020 totaled \$1,784,000 and \$1,729,000, respectively.

In addition to commitments for office space, NASBA entered into a multi-year Managed IT Services Agreement ("IT Agreement") to outsource most of the information technology services to a third party. Under the IT Agreement, the vendor will perform the majority of application and infrastructure services. While NASBA has certain termination options under the contract, if not terminated early, the aggregate contractual payments due would be \$29,546,000 (including cost of living adjustments) over the term of the contract.

NASBA has a \$675,000 commitment for information technology hosting services in fiscal 2022. In addition, NASBA has other commitments for subscription services as follows in thousands:

Fiscal 2022	\$	276
Fiscal 2023		59
Fiscal 2024		41
Fiscal 2025		41

It is expected that, in the normal course of business, commitments that expire will be renewed or replaced by other commitments.

**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 15. Income Taxes

The actual income tax benefit for Aequo differs from the amounts computed by applying the U.S. federal income tax rate to income before income taxes as a result of the following:

(In thousands)	2021	2020
Statutory federal income tax benefit	\$ (12)	\$ (25)
State income taxes	(3)	(8)
Change in valuation allowance	12	31
Other	3	2
Income Tax Benefit	\$ -	\$ -

The deferred income tax asset consists of the following:

(In thousands)	2021	2020
Deferred income tax asset	\$ 353	\$ 340
Valuation allowance	(353)	(340)
Net Deferrred Income Tax Asset	\$ -	\$ -

At July 31, 2021, Aequo had federal and state net operating loss carryforwards of \$1,276,000. The carryforwards expire at various dates beginning July 31, 2035 for federal tax purposes and July 31, 2030 for state tax purposes. The deferred tax asset relates primarily to federal and state net operating loss carryforwards. The valuation allowance is provided primarily for the net operating loss carryforwards that management has determined have not reached the "more likely than not" threshold for realization.

NASBA has adopted the recognition requirements for uncertain income tax positions and believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on NASBA's consolidated financial position, results of operations or cash flows. Accordingly, NASBA has accrued no interest or penalties related to uncertain tax positions at July 31, 2021 and 2020. It is NASBA's policy to recognize interest and penalties related to income tax matters in other expense. In general, NASBA is no longer subject to examinations by tax authorities for U.S. federal and state income tax returns before fiscal 2018.

Note 16. Subsequent Events

Management has evaluated all material events and transactions that occurred from July 31, 2021 through September 23, 2021, which is the date that the consolidated financial statements were available to be issued. Other than the subsequent event disclosed in Note 14, there were no material subsequent events that required adjustments to or disclosure in the consolidated financial statements.

NASBA

National Association of State Boards of Accountancy

150 Fourth Avenue North, Suite 700

Nashville, TN 37219-2417

T/615.880.4200

F/615.880.4290

www.nasba.org

Published by the National Association of State Boards of Accountancy

Editor-in-Chief: Ken L. Bishop

Senior Editor: Cassandra A. Gray

Financial Editors: Michael R. Bryant and Troy A. Walker

Production Editor: Anthony Cox

Print Editor: Matthew Gilfillan

Staff Contributors: Alfonzo Alexander, Maria L. Caldwell, Colleen K. Conrad, Lisa Dampf, Sandra Davidson, Noël Dedmon, Daniel J. Dustin, Cheryl Farrar, Patricia Hartman, Anita Holt, John W. Johnson, Thomas G. Kenny, Jessica Luttrull, Sheena Murphy, James Polite, Sydney Shearer, Amy Tongate and Elizabeth Wolfe