

NEW  
BEGINNINGS

NASBA

2023 ANNUAL REPORT



# NEW BEGINNINGS

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 672,000 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.

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# LETTER FROM NASBA LEADERSHIP

When deciding upon the theme for 2023 NASBA Annual Report and Annual Meeting, there was much to consider. We considered the challenges, opportunities and successes that we experienced, many of which were formidable, but ultimately determined that the focus should not be on the past or current, but on the future. The theme “New Beginnings” demonstrates the significant transitions and transformations NASBA and Boards of Accountancy will experience in the coming year.

In 2024, NASBA will have several new faces in executive positions and will undertake a national selection process to identify new leadership. We will implement new CPA Examination management software, launch the new CPA Evolution Examination, and continue to develop and recommend new pipeline strategies to attract and retain the best and brightest candidates to the CPA profession. In 2024, we will implement the first use of artificial intelligence in our operations and systems to improve the quality and timeliness of our processes. Finally, NASBA will develop a plan of action for enhancing and protecting important relationships in a challenging post-COVID environment.

The sapling illustration on this report’s cover represents the new life, growth and success of a 116-year-old organization. Like a forest, without the occasional ‘new beginnings,’ the health and vibrancy of NASBA, or any organization, will diminish. Continuous change and evolution creates interest and excitement that will ensure a strong association, well into the future.

As you will see from the audited financial statement in this report, NASBA had an amazingly successful year. We continue to learn and improve our products and services while working in a voluntary remote environment. The development of the new Gateway System (necessary for the launch of CPA Evolution in 2024) is nearing completion, and all of our existing information technology (IT) systems have been updated and secured for the future. NASBA has attracted and retained a highly competent staff, who will have greater capacity with the implementation of new software and processes (including an enhanced CPAES system). NASBA has invested more than 12 million dollars in these enhancements yet ended our last fiscal year with a record level of net assets, increased mission spending, and positioned the association to be well funded for the future.

The recent decline in the number of accounting students and CPA Examination candidates has been a high priority focus for NASBA’s leadership this year. While demographic data and trends reporting indicate the number of college admittance-aged youth will continue to decrease, we have been encouraged by an increase in the number of enrollments at several accounting programs across the country. It is imperative that these new students ultimately sit for the CPA Examination and become licensed as CPAs. Through the monitoring of comments on social media, surveys, and research as conducted by the Center for Audit Quality and other entities, it has become increasingly clear that entry-level salaries and work-life balance are high priorities for college students looking for the best return on their investment in a college education. With the competition for a limited demographic pool, the accounting profession must keep pace with other professions in the financial sector. NASBA leadership has

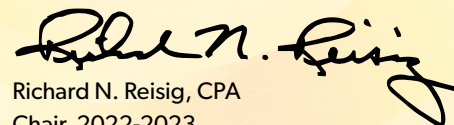
continued to identify “pipeline” and having an adequate number of CPAs as a public protection issue. Dedicated staff and resources have been earmarked to address this issue.

A challenge we continue to face is regulatory changes through legislation. Recently, in addition to traditional anti-regulatory groups and initiatives, we are also seeing efforts within the profession itself to roll back entry-level requirements to the level of the 1980s. Rather than focusing on the competitive challenges created by the smaller demographic group, there is an increasing notion that making the entry requirements easier and cheaper will fix the problem. The initial negative reactions to alternative legislative efforts did not result in open-minded discussions and opportunities to reach consensus as to how to better address the pipeline issue. NASBA is currently in discussions with those proposing radical changes to entry, and participating in a joint effort with the profession to hopefully protect and maintain the uniformity and substantial equivalency that took so many decades to achieve.

The diversity of the profession and its regulation continue to be a priority focus this year. New initiatives and programs through our Diversity Committee, our pipeline efforts, and through an effort to establish new NASBA Center for the Public Trust (CPT) student chapters on Historically Black College and University (HBCU) campuses continue to advance. The goal of the CPT—to increase the number of HBCU student chapters by six per year—has been successful. We are pleased to share that in 2022-2023, the CPT grew to more than 50 StudentCPT chapters across the United States.

The work done by NASBA’s volunteers through committees, task forces and outside appointments has been the catalyst for the successes we have achieved this past year.

NASBA leadership is proud of the dedication of our State Board of Accountancy members, as it is you who have made the State Board of Accountancy structure a premier regulatory model.



Richard N. Reising, CPA  
Chair, 2022-2023



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



From left to right: Michael R. Bryant, Ken L. Bishop, Richard N. Reisig and Colleen K. Conrad.

# NASBA

## 2022-2023 BOARD OF DIRECTORS

### OFFICERS

Richard N. Reisig, CPA  
Chair

Stephanie M. Saunders, CPA  
Vice Chair

W. Michael Fritz, CPA  
Past Chair

Maria E. Caldwell, CPA  
Treasurer

Nicola Neilon, CPA  
Secretary

### EXECUTIVE DIRECTORS' LIAISON

John E. Patterson, Esq.

### PRESIDENT & CEO

Ken L. Bishop

### DIRECTORS-AT-LARGE

J. Coalter Baker, CPA  
Director-at-Large

J. Andy Bonner, Jr., CPA, CGMA  
Director-at-Large

Jimmy E. Burkes, CPA  
Director-at-Large

Stephen F. Langowski, CPA  
Director-at-Large

Jason D. Peery, CPA  
Director-at-Large

Katrina Salazar, CPA  
Director-at-Large

Kenya Y. Watts, CPA  
Director-at-Large

### REGIONAL DIRECTORS

Nancy J. Corrigan, CPA  
Pacific Regional Director

Lynn V. Hutchinson, CPA, CGMA  
Southwest Regional Director

Vikki G. Nunn, CPA  
Mountain Regional Director

Michael Schmitz, CPA  
Central Regional Director

Richard S. Silverman, CPA  
Northeast Regional Director

Willie B. Sims, Jr., CPA  
Southeast Regional Director

Gerald Weinstein, PhD, CPA  
Great Lakes Regional Director

Arthur M. Winstead, Jr., CPA, CGMA, CFE  
Middle Atlantic Regional Director



Bottom Row (left to right): J. Coalter Baker (TX) Director-at-Large; Nicola Neilon (NV) Secretary; W. Michael Fritz (OH) Past Chair; Richard N. Reisig (MT) Chair; Ken L. Bishop, President & CEO; Stephanie M. Saunders (VA) Vice Chair; Maria E. Caldwell (FL) Treasurer; Colleen K. Conrad, Executive Vice President and COO; Center Row (left to right): John E. Patterson (OH) Executive Directors' Liaison; Jimmy E. Burkes (MS) Director-at-Large; Arthur M. Winstead, Jr. (NC) Middle Atlantic Regional Director; J. Andy Bonner, Jr. (TN) Director-at-Large; Jason D. Peery (ID) Director-at-Large; Michael Schmitz (ND) Central Regional Director; Willie B. Sims, Jr. (MS) Southeast Regional Director; Stephen F. Langowski (NY) Director-at-Large; Top Row (left to right): Katrina Salazar (CA) Director-at-Large; Michael R. Bryant, Sr. Vice President and CFO; Kenya Y. Watts (OH) Director-at-Large; Richard S. Silverman (NH) Northeast Regional Director; Nancy J. Corrigan (CA) Pacific Regional Director; Gerald Weinstein (OH) Great Lakes Regional Director; Vikki G. Nunn (WY) Mountain Regional Director; Lynn V. Hutchinson (LA) Southwest Regional Director

# EXECUTIVE STAFF AND DIRECTORS

Alfonzo Alexander .....	Chief Ethics and Diversity Officer & CPT President
Kyle Barrier .....	Associate Director, 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
Lisa Dampf .....	Chief Human Resources Officer
Daniel J. Dustin, CPA .....	Vice President, State Board Relations
Cheryl Farrar .....	Chief Information Officer
Cassandra A. Gray .....	Associate Director, Communications
Phil Groves, CPA .....	Director, Finance/Controller
Patricia Hartman .....	Director, Client Services
Julie James, CPA, CISA .....	Director, Risk & Compliance
John W. Johnson .....	Director, Legislative & Governmental Affairs
Thomas G. Kenny .....	Chief Communications Officer
Christy Long .....	Associate Director, Human Resources
Jessica Luttrull, CPA .....	Associate Director, National Registry and Technical Research
Chris Mays .....	Associate Director, Client Services
James Polite .....	Director, Program Management
Sharrona Reaves .....	CPT Director, Programs and Development
Amy Tongate .....	Associate Director, CPE Services and ALD
Troy A. Walker, CPA .....	Chief Accounting Officer & CPT Chief Financial Officer



# VOICES

## 2022 - 2023 NASBA REPRESENTATIVES

*Serving on Regulatory Bodies & Professional Accounting Organizations*

### **AICPA Accounting and Review Services Committee**

Barclay Bradshaw

### **AICPA Auditing Standards Board**

Michael Barton  
Barry Berkowitz (2023)  
Sherry Chesser  
Horace Emery  
Holly Engelhardt (2023)  
Clay Huffman  
Michael Schmitz  
Laurie Tish (2023)

### **AICPA Board of Examiners**

Barry Berkowitz (Past Chair)  
Allan Cohen  
Wendy Garvin  
Steve Grice  
Nicola Neilon  
Joshua Partlow  
Simon Petrovik (2023)  
Nadia Rogers  
Emily Rollins (2023)  
Katrina Salazar (Vice Chair)  
Godson Sohwah (2023)  
David Vaudt  
Gerald Weinstein (2023)

### **AICPA Board of Examiners Content Committee**

Gerald Weinstein

### **AICPA Board of Examiners Content Subcommittees**

Vikki G. Nunn  
Gerald Weinstein  
Brian Whitlock

### **AICPA Board of Examiners State Board Committee**

Katrina Salazar (Chair - 2022)  
Nadia Rogers (Chair - 2023)  
Nancy Corrigan (2023)  
Michael Guinigundo  
Angela Pannell  
Jason Peery (2023)  
Luis Plascencia  
Sheri Risler  
Viki Windfeldt  
Jennifer Winters  
Paul Ziga

### **AICPA National Peer Review Committee**

Elizabeth Gantnier  
James P. Gero

### **AICPA Peer Review Board**

Charles Prince

### **AICPA Peer Review Board Oversight Task Force**

William Hunter Cook (Observer)

### **AICPA Professional Ethics Executive Committee**

Catherine R. Allen  
J. Andy Bonner  
Alan Long  
Dan Vuckovich  
Kenya Watts (2023)  
Michael Womble

### **Financial Accounting Foundation**

Richard N. Reisig

### **IAASB Consultative Advisory Group**

W. Michael Fritz  
Gaylen Hansen

### **IESBA Consultative Advisory Group**

Gaylen Hansen (Chair)  
W. Michael Fritz

### **Public Company Accounting Oversight Board's Standards and Emerging Issues Advisory Group**

Diane Rubin  
Colleen Conrad (Observer)



# 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 2022-23.

Administration and Finance Committee  
Audit Committee  
Awards Committee  
Bylaws Committee  
CBT Administration Committee  
Communications Committee  
CPA Examination Review Board (ERB)  
CPE Committee  
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  
Pipeline Task Force  
Regulatory Response Committee  
Relations with Member Boards Committee  
Standard-Setting and Professional Trends  
Advisory Committee  
State Society Relations Committee  
Uniform Accountancy Act Committee



## ADMINISTRATION AND FINANCE COMMITTEE

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

**Committee Members:**

Maria E. Caldwell (FL), Chair  
Alison L. Houck Andrew (DE)  
Jimmy E. Burkes (MS)  
Timothy F. Egan (CT)  
Stephanie M. Saunders (VA)  
Jeannette P. Smith (TX)  
Laurie A. Warwick (VA)

**Staff Liaisons:**

Michael R. Bryant  
Troy A. Walker

The Administration and Finance Committee monitors and provides oversight of the fiscal operations of NASBA and its subsidiaries. The NASBA Board of Directors relies on the Administration and 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.

In fulfilling the Committee's charge, Fiscal 2023 operational and capital budgets, as approved by the Board of Directors, were discussed with executive and financial management at quarterly meetings. Management's discussion and analysis provided comparisons to actual results for Fiscal 2023, and detailed explanations of any variances of significance in revenue and expense. The Committee also monitored the progress of software development projects related to CPA Evolution and other examination-related systems and technology. The Committee reviewed the Fiscal 2024 operational and capital budgets prepared by management and recommended to the Board of Directors that they be accepted.

The Investment Committee, a subcommittee of the Administration and Finance Committee, held quarterly meetings to review the return and risk characteristics of NASBA's short-term and long-term investments, evaluate the investment advisor's performance in managing the long-term invested funds, and monitor compliance with the board-approved investment policy statement (IPS). In addition, the Committee recommended changes to the IPS, which were ultimately approved by the Board of Directors.



## 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.*

**Committee Members:**

Michael Schmitz (ND), Chair  
Phillip Austin (IL)  
Tyrone E. Dickerson (VA)  
M. Aron Dunn (KS)  
Leilani Rodrigo (IL)  
Melissa Ruff (NE)  
Debra Seefeld (TX)

**Staff Liaisons:**

Michael R. Bryant  
Troy A. Walker

The Committee's activities are summarized in the Report of the Audit Committee on page 50, immediately preceding the Independent Auditors' Report on the NASBA Consolidated Financial Statements.

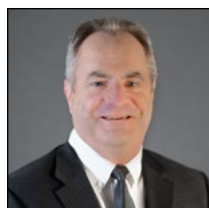
## AWARDS COMMITTEE



Theodore W. Long, Jr.



Tyrone E. Dickerson



Kent A. Absec

*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 2023 Call for Award Nominations May 2, 2023 - June 30, 2023. The Committee met on July 11, 2023, via Zoom, to review the slate of nominees and to select three finalists to recommended 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 2023 meeting. NASBA will recognize the following 2023 award recipients during its 116th Annual Meeting, October 29 – November 1, 2023, in New York, NY.

- Theodore W. Long, Jr., CPA (OH) – 2023 William H. Van Rensselaer Public Service Award Recipient
- Tyrone E. Dickerson, CPA (VA) – 2023 NASBA Distinguished Service Award Recipient
- Kent A. Absec (ID) – 2023 Lorraine P. Sachs Standard of Excellence Award Recipient

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

### Committee Members:

A. Carols Barrera (TX), Chair  
 Martrice Caldwell (IL)  
 Wesley P. Johnson (MD)  
 Harry O. Parsons (NV)  
 Sandra Siegfried (OK)  
 Lydia M. Washington (NY)

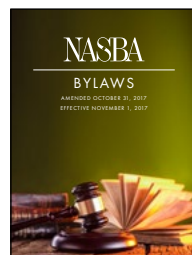
### Staff Liaison:

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 met once in 2022-2023 to review the bylaws for proposed changes. No recommendations were identified. Chair Silverman, at the January 2023 NASBA Board of Directors meeting, reported that the Bylaws Committee had no recommended changes, and asked the board if they had any issues that they would like for the Committee to review. The NASBA Board had no issues for the Committee to review. In March 2023, the Committee was emailed to see if there were any other issues to be discussed. With no response, the Bylaws Committee year adjourned.



### Committee Members:

Richard S. Silverman (NH), Chair  
 Deidre N. Budahl (SD)  
 Dawn M. Carlson (IL)  
 Thomas J. Homer (IL)  
 Larry Hunter (ID)  
 Theodore W. Long, Jr. (OH)  
 John B. Peace (AR)  
 Joseph Petito (MD)

### Staff Liaison:

John W. Johnson



# CBT ADMINISTRATION COMMITTEE

## Committee Members:

Gerald Weinstein (OH), Chair  
Barry M. Berkowitz (PA)  
Frederick G. Briggs, Jr. (NH)  
Pamela Church (TN)  
Wendy S. Garvin (TN)  
Cynthia Harmon (ID)  
Nicole Kasin (SD)  
Leslie A. Mostow (MD)  
David R. Nance (NC)  
David Sanford (GU)  
Craig F. Smith (GA)  
Susan L. Somers (KS)  
Michael M. Watts (AR)

## Staff Liaisons:

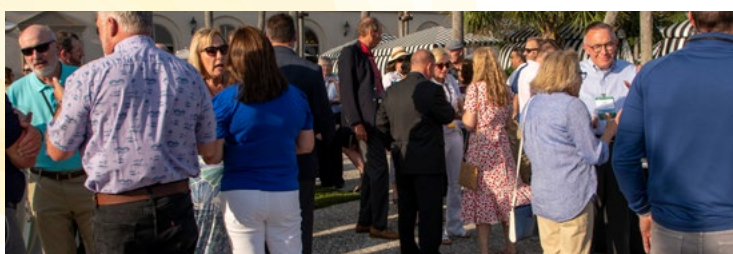
Patricia Hartman  
James Polite

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

The CBT Administration Committee had its initial meeting of the fiscal year on February 15, 2023, to look into an extension of the 18-month window and what was then called an “amnesty” program. A task force consisting of members of the Executive Directors Committee and CBT-Administration Committee members was formed to discuss credit relief. The task force met March 14 and 29, 2023, about the possibility of moving forward with the proposed program.

The Committee met in-person on May 18, 2023, in Raleigh, NC, to further explore credit relief and approved a communication to boards (distributed June 1, 2023) with an administrative recommendation on how to extend the extant credit window from 18 to 30 months, It was also updated on several Exam issues concerning the upcoming changeover to CPA Evolution.

A July 12, 2023 virtual meeting of the Committee largely contained updates from NASBA staff. The Credit Relief Task Force met twice in August 2023 and proposed a credit relief initiative. The initiative was taken to the Committee and approved in a meeting on August 22, 2023. Final wording of the recommendations was circulated shortly thereafter to executive directors and board members. Following email dissemination to boards, three informational webinars were conducted on September 7, 11 and 26, 2023 by Colleen Conrad, Patricia Hartman and Gerald Weinstein. The first two webinars were intended for executive directors and board members. The final webinar was intended for state society personnel. In total, over 100 people attended the webinars.



# COMMUNICATIONS COMMITTEE

## Committee Members:

Jason D. Peery (ID), Chair  
Susan I. Adams (TX)  
Tamara Basso Bensky (MD)  
Bernita Demery (NC)  
Daniel J. Geltrude (NJ)  
Mandy Harlow (ND)  
James G. Kelley (IL)  
Rita M. Prince (AL)  
Susan M. Strautmann (WI)  
Yen Tu (CA)  
Judy C. Wetherbee (TN)  
Brian Whitlock (IL)  
Barrett E. Young, III (MD)

## Staff Liaisons:

Cassandra A. Gray  
Thomas G. Kenny

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

The Communications Committee focused its work on assessing the communications needs of member Boards of Accountancy and continued promotion of NASBA's Communications & Outreach Program throughout 2022-2023.

In June 2023, the Committee hosted Communications Lunch Meetings during NASBA's Eastern and Western Regional Meetings. During the meetings, attendees exchanged communication best practices, discussed various communication needs of the state boards, networked with members of NASBA's Communications Department, and received a comprehensive overview of the Communications & Outreach Program. Persons in attendance included Board of Accountancy executive directors and members, NASBA staff, and representatives from State CPA Societies, the AICPA and Prometric.

Currently, NASBA's Communications Department provides complimentary creative services to a total of 44 Boards of Accountancy through the Communications & Outreach Program. Creative services consist of the production and distribution of e-newsletters, mass email campaigns, infographics, annual reports and brochures, social media consultation and video production. The Committee continues to grow the number of participating boards.

To learn more about NASBA's Communications & Outreach program, and to view the sample library, visit [nasba.org/outreach](https://nasba.org/outreach).

# CPA EXAMINATION REVIEW BOARD

*Evaluate and report on significant adherence with the policies and procedures utilized in the preparation, grading and administration of the Uniform CPA Examination and the International Qualifications Examination used by boards of accountancy for the licensing of certified public accountants; to include observation, inquiry and inspection of pertinent records; and report annually on the ongoing reliability of such examinations for the licensing of certified public accountants.*

The CPA Examination Review Board (ERB) evaluated the significant adherence with policies and procedures utilized in the preparation, grading and administration of the Uniform CPA Examination and the International Qualification Examination for the licensing of certified public accountants from October 1, 2022, through September 30, 2023.

The ERB's evaluations were conducted using an evergreen, risk-based approach 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 will issue its Annual Report to the Boards of Accountancy of the 55 U.S. jurisdictions at the NASBA Annual Meeting in October 2023 for the work performed during the year. The ERB stated the results of the review in its report: "Based on our evaluation, nothing came to our attention that would prevent the Boards of Accountancy from relying on the Uniform CPA Examination and the International Qualification Examination in carrying out their licensing responsibilities."

## **Committee Members:**

Ruben A. Davila (CA), Chair  
A. Carlos Barrera (TX)  
Raymond N. Johnson (OR)  
Chandra Lalvani (PA)  
Faye D. Miller (ND)

## **Consultant:**

Suzanne Lane

## **Staff Liaison:**

Julie James

# 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.*

On December 14, 2022, NASBA and the AICPA issued proposed revisions to the Statement on Standards for Continuing Professional Education (CPE) Programs (*Standards*) for public comment. The public comment period on the Exposure Draft of the proposed revisions closed March 31, 2023.

Last revised in 2019, among the most significant proposed revisions is allowing for a virtual option under the Group Live instructional delivery method, with the addition of certain requirements to be met. The proposed *Standards* revisions also clarified that, while CPE program sponsors have the discretion to round down CPE credits to the nearest one-fifth, one-half or whole increment, the increment chosen must be applied to all CPE program sessions within the same program. The proposed revisions to the Fields of Study document include the addition of more current, relevant topics under the established fields of study classifications.

The effective date of final approved changes to the *Standards* is expected to be January 1, 2024.

The National Registry Summit was held September 19-20, 2023, in Clearwater Beach, FL. The purpose of the National Registry Summit is to provide sponsors with information on trends in adult learning, emerging technologies and innovations in learning, and information and resources to assist in the implementation of the *Standards* in an environment that encourages sharing and networking. Sessions for the 2023 Summit included the considerations of artificial intelligence in the accounting profession and in learning programs for CPAs, using neuroscience to design learning that sticks, and elevating engagement in virtual and hybrid events.

## **Committee Members:**

Willie B. Sims, Jr. (MS), Chair  
Michael D. Armstrong, Jr. (ID)  
Sarah Borchers (NE)  
William R. Brown (VA)  
David L. Cotton (VA)  
Jennifer H. Elder (NH)  
Dale Gettelfinger (IN)  
Lance Johnson (AK)  
Christi Olsen (NE)  
Taling M. Taitano (GU)  
Brian R. Thomas (WA)  
Shane Warrick (AR)

## **Staff Liaisons:**

Jessica Luttrull  
Amy Tongate

## 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. The Committee prioritized its efforts to focus first on the diversity of Boards of Accountancy and secondly on the pipeline of diverse candidates entering the profession.

In May, the Committee launched the “DE&I at NASBA” web page, accessible on the NASBA website. It provides information, resources and a statement describing NASBA’s commitment to diversity, equity, and inclusion. The web page was introduced to NASBA members during the June 2023 Regional Meetings and was very well received. The Committee has made updates to the page, keeping fresh information and resources available for NASBA members and Boards of Accountancy.

The Committee also launched a new workshop, titled *Understanding Diversity, Equity, and Inclusion*, in late spring. This interactive workshop was experienced by two cohort groups. The feedback from the training sessions was overwhelmingly positive. The Committee made additional sessions available throughout the fall and winter. Board of Accountancy members have the option of experiencing the training virtually or NASBA staff can deliver the training in person.

Continuing an effort started six years ago to foster inclusion and encourage diverse involvement in NASBA committees, the Committee reached out to new Board of Accountancy members from across the country to encourage their involvement in NASBA. These calls and emails helped increase involvement of new members in NASBA orientation sessions this year. In addition, the Committee is working with State CPA Society executives to develop a program to prepare diverse candidates to be recommended for Board of Accountancy positions.

To assist with building the diversity of the CPA candidate pipeline, the Committee continued to partner with the NASBA Center for the Public Trust’s HBCU Initiative. Through this program, more exposure to the accounting profession will be brought to Historically Black Colleges and Universities (HBCUs) across the country. Currently, the initiative has helped grow the total number of StudentCPT chapters on HBCU campuses to six. An additional eight more campuses are in the pipeline to launch chapters in the near future.

The Committee is also continuing to support the work of the PhD Project, the National Association of Black Accountants (NABA), and the work of other diverse organizations within the profession.

### **Committee Members:**

Katrina Salazar (CA), Chair  
Roseann Abraham (IL)  
Rick Arpin (NV)  
Thuy T. Barron (WI)  
Michael Barton (IN)  
Sanjay Bhakta (NM)  
Tanya G. Greenlee (SC)  
Delbert Madison (AL)  
Gary R. Massey (NC)  
Maria de J. Prado (IL)  
Randa Vernon (OK)

### **State Society Liaison:**

Ralph Albert Thomas (NJ)

### **Staff Liaisons:**

Alfonzo Alexander  
Julie James

## 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.*

### **Committee Members:**

Nancy J. Corrigan (CA), Chair  
Ann Burstein Cohen (NY)  
Susan Quaintance Ferguson (VA)  
Renee Forshee (TX)  
Steve Grice (AL)  
Rachel Hanks (AK)  
Carlos E. Johnson (OK)  
Simon Petravick (IL)  
Luis Plascencia (IL)  
Annette K. Pridgen (MS)  
Nadia Rogers (VA)  
Douglas W. Skiles (NE)  
Thomas R. Weinrich (MI)

### **Staff Liaison:**

Daniel J. Dustin

The Education Committee met in February 2023 to review its committee charge and to establish a task force to review proposals submitted for the NASBA Accounting Education Research Grants program. A total of 15 grant proposals were received. The task force met in April 2023 to review and discuss the proposals and to make its recommendation to the full Education Committee. Following the task force's meeting, the Committee met to discuss the task force's recommendations. Chair Corrigan provided an overview of the grant proposals received and the process followed by the task force to determine its recommendation to the Committee.

Task force members shared their thoughts about the proposals. Following discussion by the Committee members, the Committee approved a motion to recommend two proposals to the NASBA Board of Directors at its April 2023 meeting. Both research grant proposals were approved for funding by the NASBA Board of Directors.

In September 2023, the Committee met to provide feedback on a draft request for proposals that was issued to identify colleges and universities seeking to participate in the AICPA-NASBA Experience, Learn and Earn (ELE) initiative. These colleges and universities would participate in the program once the pilot program with Tulane University is completed.

## ENFORCEMENT RESOURCES COMMITTEE

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

### **Committee Members:**

Jimmy E. Burkes (MS), Chair  
Louis J. Costanzo III (WV)  
Todd Dailey (SC)  
Patty Faenger (MO)  
Shelly Gower (MI)  
John J. Grater, Jr. (PA)  
John R. Helms (KS)  
Kristi A. Justice (WV)  
James R. Mintert (MO)  
Eileen L. Poiani (NJ)  
Wilhelmus J. Schaffers (AL)  
Patrick M. Thorne (NV)

### **Staff Liaison:**

Elizabeth Wolfe

**Discipline Survey on Enforcement of Remote Work:** In March 2023, a sub-committee was created within the Enforcement Resources Committee (ERC) to discuss the enforcement of remote work environments. This effort has been requested by several executive directors (EDs), as many are unsure of how other Boards of Accountancy are treating disciplinary issues of this nature. The ERC drafted a survey to send to the board EDs regarding discipline on the topic of enforcement efforts stemming from violations occurring during remote work or mobility work. The survey was sent to the executive directors on August 8, 2023.

**Enforcement Newsletter:** The ERC plans to publish another edition of the newsletter this fall. The next edition will include the results of the discipline survey mentioned above. It will also include an update on legislation and rulemaking pertaining to enforcement. Committee members will also write a few articles on timely enforcement topics.

**Enforcement Focused Training Webinars for New EDs:** Several executive directors have asked for detailed training in enforcement procedures and resources. Last year, the ERC created a four-part webinar training series to address this need. The series was a great success and received many

compliments from new and veteran executive directors alike. The ERC hopes to produce a part two to the series this fall/early winter and is currently brainstorming topic ideas. This time, the ERC plans to open the webinar to state board members for their benefit as well.

**NASBA Center for the Public Trust Ethics Course Promotion Efforts:** The ERC has been promoting the NASBA Center for the Public Trust's (CPT) Ethical Leadership Training Course to state boards as a disciplinary option for board law and rule violations. The ERC will continue to promote the course by featuring an article about the ethics course in the next edition of the Enforcement Newsletter. The ERC also plans to include a 30-minute presentation about the ethics course in the next installment of the Enforcement Training Webinar. The ERC hopes to increase the use of this CPT program by state boards through its educational and promotional efforts.

## ETHICS COMMITTEE

### Committee Members:

Kenya Y. Watts (OH), Chair  
Paul Balas (MI)  
Andrew Blossom (NE)  
Bruce Bradford (NM)  
Donald H. Burkett (SC)  
Gerald E. Denor (WI)  
Robert F. Fay (OH)  
G. Gregory Gilbert (TN)  
Toni Hackwith (ID)  
Steven M. Platau (FL)  
Jason J. Robinson (OR)  
Charles Selcer (MN)  
Jeffrey S. Strand (SD)  
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 2022-2023 committee year was once again a busy period with the release for comment of several exposure drafts. The Ethics Committee met in April 2023 to discuss an International Ethics Standards Board for Accountants (IESBA) exposure draft on “Proposed Revisions to the Code Addressing Tax Planning and Related Services” and an AICPA Professional Ethics Executive Committee (PEEC) exposure draft on “Proposed revised interpretation Uniform CPA Examination and Continuing Professional Education.” Once completed, comment letters on both exposure drafts were forwarded to the Regulatory Response Committee.

The Committee held a second meeting in April to discuss an AICPA PEEC exposure draft on “Proposed new and revised interpretations related to fees.” The Committee also discussed an IESBA exposure draft “Proposed IESBA strategy and work plan, 2024-2027.” Comment letters on both exposure drafts were written and forwarded to the Regulatory Response Committee.

In July 2023, the Committee held a meeting to discuss an AICPA PEEC exposure draft on “Proposed new definition of publicly traded entity and revised definition of public interest entity.” A comment letter on the exposure draft was drafted and forwarded to the Regulatory Response Committee.



## EXECUTIVE DIRECTORS COMMITTEE

### Committee Members:

John E. Patterson (OH), Chair  
Kent A. Absec (ID), Past Chair  
Lisa Benefield (LA)  
D. Boyd Busby (AL)  
Nancy Glynn (VA)  
Martin Pittioni (OR)  
Dan Sweetwood (NE)  
Jennifer Winters (NY)  
Andy L. Wright (MS)

### Staff Liaisons:

Daniel J. Dustin  
Patricia Hartman

*Support Executive Directors in their roles with Boards of Accountancy.*

The Executive Directors (ED) Committee is made up of directors from each of the eight regional areas, aided by NASBA liaisons.

The Committee was responsible for coordinating the 41st Annual Conference for the Executive Directors and Board Staff, which was held February 27 – March 1, 2023, in Tucson, AZ, in conjunction with the 28th Annual Conference for Board of Accountancy Legal Counsel. The conferences were offered in a hybrid environment allowing for virtual and in-person participation. A total of 47 state boards were in attendance between both conferences.

In continuing efforts to build relationships and in conjunction with the State Society Relations Committee, joint sessions were held with the State Society CEOs and presidents with 33 societies in attendance. Discussions were held on topics covering Legal Cases and Federal Agency Discipline, SEC: Enforcement, Addressing Pipeline Challenges, CPE, Education & Internships, CPA Examination Update, CPA Pipeline – An Educator’s Prospective, Peer Review, Board & Society Collaboration, and Firm Ownership.

The Committee continues to host monthly calls for all executive directors to discuss topics such as CPA Evolution, the CPA Pipeline, education issues, the adoption and implementation of the new UAA model rules, and the credit relief initiative.



# 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 an in-person International Qualifications Appraisal Board (IQAB) meeting on October 18, 2022. Among the topics discussed was the direction of the Board's current Mutual Recognition Agreements (MRAs) with the CPA Evolution exam changes. Todd Nissen, from the United States Trade Representative (USTR), attended in person and the Instituto Mexicano de Contadores Publicos (IMCP) joined certain sessions virtually.

The MRA with The Hong Kong Institute of Certified Public Accountants (HKICPA) was not renewed and expired after December 31, 2022.

The below MRA extensions were executed:

- **Institute of Chartered Accountants of Scotland (ICAS):** Extended to August 27, 2023, and extended again to February 27, 2024
- **CPA Canada and Instituto Mexicano de Contadores Publicos:** Extended to December 31, 2025
- **Chartered Accountants Ireland (CAI):** Extended to December 31, 2024
- **CPA Australia:** Extended to December 31, 2025

IQAB is in discussions with Chartered Accountants Australia and New Zealand (CAANZ) and have a pending extension until December 31, 2025.

The purpose of the MRA extensions is to allow both parties the opportunity to evaluate forthcoming changes to the other party's program and/or examination prior to the renewal of the MRA.

## **Committee Members:**

Sharon A. Jensen (MN), Chair  
Martin G. Fennema (FL)  
Telford A. Lodden (IA)  
William Treacy (TX)

## **Staff Liaisons:**

Kyle Barrier  
Patricia Hartman

## LEGISLATIVE SUPPORT COMMITTEE COMMITTEE

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

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

To aid in this effort, NASBA's Department of Legislative & 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 2023 legislative session, of the 1,591 bills monitored, 334 had a direct impact on the regulation of the accounting profession – which included 157 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 & Governmental Affairs established 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.

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 are founding members of 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 will work with other ARPL members to inform lawmakers of the need to maintain standards for highly complex and technical professions, like accounting, which have a clear impact on the public's fiscal health and welfare.

### **Committee Members:**

J. Andy Bonner, Jr. (TN), Chair  
Joseph S. Drew (DC)  
Robert E. Dubberly (AZ)  
Margaret Ann Gilmore (OH)  
Michael Huotte (MT)  
Deana Infield (AR)  
Angela Meggett-Strudwick (DC)  
Michael E. Mixon (GA)  
Nick Myers (MO)  
Kevin Oakey (ID)  
Justin E. Rojas (CO)

### **Staff Liaison:**

John W. Johnson

# NOMINATING COMMITTEE

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

The 2022-2023 Nominating Committee has nominated the following officers and directors to be voted on by the member Boards of Accountancy at the Annual Business Meeting in November, in accordance with Article VII, Sections 7.2 and 7.3, and Article IV, Section 4.5, of NASBA's Bylaws:

Vice Chair: Maria E. Caldwell (FL – Associate)
Directors-at-Large (three-year term):
Alison Houck Andrew (DE– Associate; first term)
Barry Berkowitz (PA – Associate; first term)
Nicola Neilon (NV – Associate; second term)
Regional Directors (one-year term), a Regional Director may serve three one-year terms:
Southwest - Robin Byford (OK – Delegate; first term)
Northeast - Timothy Egan (CT – Delegate; first term)
Mountain - Dan Vuckovich (MT – Delegate; first term)
Middle Atlantic - Laurie Warwick (VA – Delegate; first term)
Southeast - Willie B. Sims, Jr. (MS- Delegate; second term)
Great Lakes - Gerald Weinstein (OH – Delegate; second term)
Pacific - Nancy J. Corrigan (CA – Delegate; third term)
Central - Michael Schmitz (ND – Delegate; third term)
The following Board Members will continue to serve for the balance of their unexpired terms. At-Large Directors may serve two three-year terms. For purposes of Bylaws Section 4.5.7 compliance, an At-Large Director's status as a delegate or associate is based upon their status when elected.
Directors-at-Large (second year of three-year term):
Stephen Langowski (NY – Delegate; 1st term)
Katrina Salazar (CA – Delegate; 1st term)
Kenya Y. Watts (OH – Delegate; 1st term)
Directors-at-Large (third year of three-year term):
J. Andy Bonner (TN – Delegate; board appointment to fill Jack Dailey's term; 1st term)
Jason Peery (ID – Delegate; board appointment to fill Stephanie M. Saunders' term; 1st term)
Open position (the board will appointment someone to fill Maria E. Caldwell's term)
Stephanie M. Saunders (VA – Associate), 2022-2023 Vice Chair, will accede to the office of chair.
Richard N. Reisig (MT – Associate) will accede to the office of past chair upon the installation of Ms. Saunders as chair.

## Committee Members:

W. Michael Fritz (OH), Chair

Angela L. Avant (DC)  
Middle Atlantic Region

Robin L. Byford (OK)  
Alternate SW Region

Manuel Cavazos IV (TX)  
Southwest Region

Lori J. Druse (NE)  
Central Region

James P. Gero (OH)  
Great Lakes Region

Robert L. Goldfarb (NY)  
Northeast Region

John R. Helms (KS)  
Alternate Central Region

Clayton J. Huffman (GA)  
Alternate SE Region

Michael Kintz (AL)  
Southeast Region

Chandra Lalvani (PA)  
Alternate Great Lakes Region

Harry O. Parsons (NV)  
Mountain Region

Joseph Petito (MD)  
Alternate Middle Atlantic Region

Michael M. Savoy (CA)  
Alternate Pacific Region

John H. Schuyler (CT)  
Alternate NE Region

Brian R. Thomas (WA)  
Pacific Region

Dan Vuckovich (MT)  
Alternate Mountain Region

## Staff Liaisons:

Ken L. Bishop  
Melissa Brennan

# PAST CHAIR ADVISORY COUNCIL

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

## **Committee Members:**

W. Michael Fritz (OH), Chair  
Billy M. Atkinson (TX)  
Barton W. Baldwin (NC)  
A. Carlos Barrera (TX)  
Milton Brown (NJ)  
Donald H. Burkett (SC)  
K. Michael Conaway (TX)  
Samuel K. Cotterell (ID)  
Walter C. Davenport (NC)  
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)  
John B. Peace (AR)  
Diane M. Rubin (CA)  
Thomas J. Sadler (WA)  
Dennis P. Spackman (UT)  
Sandra A. Suran (OR)  
Laurie J. Tish (WA)  
David A. Vaudt (CT)  
Michael D. Weatherwax (CO)

## **Staff Liaison:**

Colleen K. Conrad

In conjunction with NASBA's 2022 Annual Meeting in San Diego, CA, the NASBA Past Chair Advisory Council convened to discuss trending issues and updates pertaining to NASBA and the accounting profession. Operational and financial reports were also shared.

The NASBA 2022 Annual Report containing the FYE July 2022 Financial Reports was provided to all members of the Council. Mission spending increased 17 percent over FY21, primarily due to resumed face-to-face conferences and committee meetings. Net assets continued on a positive trajectory and were at a record high of \$71.8 million.

President and CEO Ken L. Bishop shared his final report on the operational impacts of COVID at NASBA. Employees continue to work responsibly and efficiently under the flexible work-from-home policy adopted post-COVID. He was pleased to report that the face-to-face conferences held thus far in 2022 and the upcoming Annual Meeting had very positive registration numbers for physical attendance.

Executive Vice President and COO Colleen K. Conrad reported that the ongoing large-scale CPA Evolution project was progressing according to schedule. She shared that a credit extension policy was recommended by NASBA's CBT Administration Committee to the boards earlier in 2023 and was pleased that almost all boards had already adopted the policy.

Updates on legislation of particular interest including firm mobility, CPE reciprocity and anti-regulatory efforts were shared. Interestingly, 15 Board of Accountancy executive director positions transitioned in the past year.

The Council had deep dive discussions on trending topics including pipeline concerns and related initiatives, CPA Evolution, consideration of alternative paths to licensure by several stakeholders in the profession and the threatened disruption to mobility. Also discussed was a trend of private equity investing in the accounting profession and resulting new firm structure models.

Past chairs serving in national and international standard setter roles shared brief updates on relevant activities, plus a NASBA Center for Public Trust (CPT) update was provided by Past Chair Donald H. Burkett, who is the chair of the CPT.

At the conclusion of the meeting, Past Chair Burkett was recognized for his much-deserved upcoming receipt of the NASBA William H. Van Rensselaer Public Service Award at the 2022 Annual Meeting.



# PEER REVIEW COMPLIANCE COMMITTEE

*Promote effective oversight of practice quality of CPAs and their firms.*

In November 2022, the Peer Review Compliance Committee held a joint meeting with the AICPA's Oversight Task Force (OTF). During the meeting, NASBA representatives provided an overview of recent statute and rule changes related to peer review, as well as a request for additional information related to Facilitated State Board Access (FSBA) and dropped firm reports. OTF members discussed plans to assist firms in understanding and implementing the new Quality Management Standards and provided a summary of Administering Entity (AE) benchmark results for 2020 and 2021, and revisions to the benchmarks effective January 1, 2023. OTF representatives also discussed possible plans to change the frequency of AE oversights from a biennial basis to a triennial basis.

The Committee met in December 2022 to discuss the AICPA Peer Review Board's Proposed Peer Review Standards Update No. 1, "Omnibus Enhancements and Technical Corrections." The Committee agreed to draft a comment letter to acknowledge the review of the exposure draft without any suggested revisions and agreement with the proposed effective date of May 31, 2023.

As follow-up to the November 2022 joint meeting with AICPA OTF and AICPA, peer review staff began work to develop proposed Uniform Accountancy Act (UAA) amendments to offer specific language that would mandate firms provide permission to share review status as well as other peer review documents via the AICPA's FSBA.

In April 2023, the Committee met to discuss the proposed changes to the UAA Model Rules for peer review. Based on the Committee's discussions, revisions were made to the draft language and the revised language was shared with AICPA staff for review and further feedback.

The Committee held a meeting in July 2023 to discuss and approve the revised amendments to the Uniform Accountancy Act (UAA) Model Rules for peer review. The amendments were forwarded to the NASBA UAA Committee for further discussion and possible future exposure for comment.

## **Committee Members:**

Vikki G. Nunn (WY), Chair  
Barton W. Baldwin (NC)  
Sherry L. Chesser (AR)  
Wm. Hunter Cook (NC)  
Edward C. David (NH)  
Keri A. Ellis (PA)  
Elizabeth Gantnier (MD)  
James P. Gero (OH)  
James F. Gillespie (KS)  
Janice L. Gray (OK)  
Thomas G. Neill (WA)  
Charles R. Prince (MS)  
Jay Tolsma (SD)  
Viki A. Windfeldt (NV)

## **Staff Liaison:**

Daniel J. Dustin

# PIPELINE TASK FORCE

*To develop ideas and resources for CPA pipeline activities for consideration by individual State Boards for implementation.*

As incoming chair, Richard Reisig affirmed that the pipeline issue was of immediate concern to the entire CPA profession. It was recognized that NASBA and the Boards of Accountancy were already working together with other stakeholders on multiple pipeline initiatives. He decided to create the Pipeline Task Force specifically to generate ideas and resources for boards to use as they desired to increase pipeline focus within their own jurisdictions.

The Task Force started by first reviewing statistics, surveys and more to better understand the pipeline issue and its possible causes. Next, it reviewed the significant efforts and activities already underway across the profession to improve the pipeline. It then focused on how Boards of Accountancy might fit into the solution. Pipeline activities already underway by some boards and ongoing outreach by boards were reviewed and best practices summarized.

The Task Force decided to create an electronic NASBA Board of Accountancy CPA Pipeline Toolkit to include multiple recommendations and best practices developed and place it on the Executive Director Portal of the NASBA website. The toolkit covers topics such as:

- Best practices in conducting board meetings at universities and community colleges
- Ideas for developing strong relationships with educators
- Communication strategies for sharing fun, fact-based communications with key stakeholders and directly to students to encourage consideration of joining the CPA profession

Included in the toolkit are:

- Real agendas from Board of Accountancy meetings on campuses and educator conferences and meetings
- Sample presentations that have been made
- Sample flyers promoting meetings on university and community college campuses
- Examples of Board of Accountancy face-to-face and virtual educator conference agendas, as well as joint conferences with State CPA Societies
- Example snippets for use on social media by boards or to share with professors, club leaders, State CPA Societies and others
- Template agendas

NASBA staff can also be contacted to provide relevant PowerPoint presentations or specific slides for Board of Accountancy use, given different circumstances.

## **Committee Members:**

Richard N. Reisig (MT), Chair  
Kent A. Absec (ID)  
Lori J. Druse (NE)  
Bridgett Gagne (DC)  
Elizabeth Gantnier (MD)  
Steve Grice (AL)  
Nicole Kasin (SD)  
Nadia Rogers (VA)  
Kenya Y. Watts (OH)

## **Staff Liaisons:**

Colleen K. Conrad  
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, the Regulatory Response Committee drafted, reviewed and/or vetted comment letters on the exposure drafts listed in the table.

Committee Chair Stephen Langowski 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 of Directors was given the opportunity for a fatal flaw review of all letters signed by Chair Richard N. Reisig and 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:

Stephen F. Langowski (NY), Chair  
 Alan R. Augenstein (AZ)  
 Megan E. Durst (OH)  
 Arthur E. Flach (MD)  
 Janice L. Gray (OK)  
 John M. Griesbeck (TN)  
 Gaylen R. Hansen (CO)  
 Mark T. Hobbs (SC)  
 Matthew J. Howell (MI)  
 Richard Isserman (NY)  
 Frederick R. Kostecki (MO)  
 Kevin N. Monroe (TN)

### Staff Liaison:

Jessica Luttrull



Source	Topic	Date Replied
PEEC	Proposed New Definition of Publicly Traded Entity and Revised Definition of Public Interest Entity	9/11/2023
PCAOB	Proposed Amendments Related to Aspects of Designing and Performing Audit Procedures that Involve Technology-Assisted Analysis of Information in Electronic Form	8/23/2023
IAASB	Proposed International Standard on Auditing 570 Going Concern	8/23/2023
PCAOB	Amendments to PCAOB Auditing Standards Related to a Company's Noncompliance with Laws and Regulations	8/1/2023
IESBA	Proposed Strategy and Work Plan: 2024-2027	7/4/2023
PEEC	Proposed New and Revised Interpretations Related to Fees	6/12/2023
FASB	Proposed Accounting Standards Update: Accounting for and Disclosure of Crypto Assets	5/26/2023
PCAOB	Proposed Auditing Standard – General Responsibilities of the Auditor in Conducting and Audit	5/25/2023
IESBA	Amendments to Ethics Code for Tax Planning and Related Services	5/15/2023
PEEC	Proposed Revised Interpretation Uniform CPA Examination and Continuing Professional Education	5/11/2023
GAO	Government Auditing Standards – 2023 Revision	4/18/2023
PCAOB	Proposed Auditing Standard – The Auditor's Use of Confirmation and Other Proposed Amendments to PCAOB Standards	2/13/2023
PCAOB	A Firm's System of Quality Control and Other Proposed Amendments to PCAOB Standards, Rules and Forms	1/27/2023
Peer Review Board	Proposed Peer Review Standards Update No. 1, Omnibus Enhancements and Technical Corrections	1/23/2023
AICPA Tax Executive Committee	Revised Statements on Standards for Tax Services – An Exposure Draft and Invitation to Comment	12/17/2022
PCAOB	Request for Information and Comment – The Application and Use of the PCAOB's Interim Attestation Standards	10/20/2022
IAASB	Proposed Narrow Scope Amendments to: ISA 700 (Revised) and ISA 260 (Revised)	10/2/2022
AICPA Board of Examiners	Maintaining the Relevance of the Uniform CPA Examination – Aligning the Exam with the CPA Evolution Licensure Model	9/29/2022

## RELATIONS WITH MEMBER BOARDS COMMITTEE

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

The Relations with Member Boards Committee held their spring and fall semi-annual video conference calls with State Board of Accountancy chairs and executive directors. The conference calls provided the regional directors the opportunity to share updates with the member boards on the meetings of the NASBA Board of Directors, and to update participants on national issues related to the licensing and regulation of the public accountancy profession, including the CPA Evolution initiative and the Experience, Learn and Earn (ELE) initiative. The calls also provided an opportunity for the member boards to share issues and concerns they were facing within their jurisdiction.

The Committee continued to issue FOCUS questions to member boards in an effort to understand Board of Accountancy issues related to professional licensing and regulation. Responses to the FOCUS questions also provided the regional directors with possible topics for the June Regional Meetings.

The Committee planned and hosted the 2023 NASBA Regional Meetings in Savannah, GA, and Kansas City, MO. New board member orientation sessions were held prior to the start of each Regional Meeting to provide attendees with important organizational information about NASBA and to highlight important aspects of the regulation of the accountancy profession. During the Regional Meetings, attendees heard updates on pipeline initiatives focused on addressing the talent shortage, the CPA Evolution initiative and the upcoming transition to a CPA Evolution-aligned Uniform CPA Examination, diversity initiatives and the Experience, Learn and Earn Program.

In October 2023, the Committee reviewed the responses to the third quarter FOCUS questions and finalized their agendas for their regional breakout sessions to be held during the NASBA Annual Meeting.

### **Committee Members:**

Lynn V. Hutchinson (LA), Chair  
Nancy J. Corrigan (CA)  
Vikki G. Nunn (WY)  
Michael Schmitz (ND)  
Richard S. Silverman (NH)  
Willie B. Sims, Jr. (MS)  
Gerald Weinstein (OH)  
Arthur M. Winstead, Jr. (NC)

### **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 (SSPTAC) met both in-person and virtually during the fiscal year in furtherance of its charge.

Chair Coalter Baker convened the initial meeting virtually in December 2022 to make introductions and to discuss the history and charge of the Committee. As the Committee serves as a sounding board for CPA Evolution for NASBA, an update on progress, recent milestones and the upcoming release of the final 2024 Blueprint were shared and discussed. Those who attended recent standard-setting and professional association meetings provided updates and trending topics of interest. Disruptive trends were discussed at length with specific focus on ESG, private equity investments in CPA firms and recent cryptocurrency fraud concerns.

At the second virtual meeting, after updates from multiple professional, standard-setting and regulator meetings and conferences, the Committee focused on the appropriate access to and availability of professional standards for CPA and CPA firm use, providing recommendations to certain standard setters on this topic. Recently introduced ChatGPT, other large language models (LLMs) and artificial intelligence tools, in general, were a focus during the disruptive trends portion of the meeting. Both positive uses of such LLMs to gain efficiencies and improve services as well as concerns regarding inaccurate information and other issues were considered. The Committee shared possible presentation topics and speaker ideas for upcoming NASBA meetings to educate Boards of Accountancy on these new trends and their possible impacts on the regulation of the profession. Another topic covered was trends surrounding outsourcing and offshoring of talent and services.

The Committee met face-to-face in September 2023. In preparation for a leadership meeting with FAF and FASB representatives, the SSPTAC was asked to share thoughts regarding the impact of the Private Company Council and any recommendations for improvement of its processes. Several disruptive trends were also discussed at length, including the possible impacts of private equity and ESOP investments in accounting firms, offshoring, nearshoring, changes to licensure requirements under consideration in certain states and substantial equivalency/mobility.

## **Committee Members:**

J. Coalter Baker (TX), Chair  
Charles Alvis (SC)  
Billy M. Atkinson (TX)  
Jillian S. Brown (OH)  
Gaylen R. Hansen (CO)  
Raymond N. Johnson (OR)  
Lunetta Kwan (MA)  
G. Alan Long (KY)  
Joseph Maffia (NY)  
Godson Sowah (MN)  
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 2022-2023:

- **Pathways to Licensure** – With several states considering different pathways to licensure, and legislation being filed in Minnesota to provide for a 120 hour of education pathway, awareness and concern has been raised over jurisdictions not being substantially equivalent and the impact this would have on Mobility. At a time when the validity of substantial equivalency is being questioned within the profession, the State Society Relations Committee has taken an active role to assist with their insight.
- **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, in the diversity, represented by them.
- **Joint State Society CEO/State Board Executive Directors Conference** – NASBA's Executive Directors Committee invited the State CPA Society CEOs to participate in the 41st Annual Conference for Executive Directors and Board Staff. The 2023 conference brought together, for the ninth year in a row, state board executive directors and state society CEOs to participate in sessions that covered matters of mutual interest and 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, Legislative & Governmental Affairs, when consulting with Boards of Accountancy regarding their legislative strategies.

### Committee Members:

Jeannine Birmingham (AL), Chair  
Sharon Bryson (NC)  
Robert Doyle (MI)  
Ronald A. Gitz (LA)  
Blaine M. Peterson (OK)  
Boyd Search (GA)  
Scott D. Wiley (OH)  
Oliver Yandle (AZ)

### Staff Liaison:

John W. Johnson

## UNIFORM ACCOUNTANCY ACT COMMITTEE

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

A meeting was held in late January 2023 with NASBA and AICPA committee chairs, along with NASBA and AICPA committee staff, to discuss issues of importance to be discussed and addressed by the Uniform Accountancy Committee (UAA) and to develop a work plan for the upcoming committee year. The NASBA UAA Committee met in February 2023 to review the topics on its agenda. This included changes to the Uniform Accountancy Act Model Rules for the granting of credit requirement for sections passed on the Uniform CPA Examination. The revised language approved by the Committee recommended an increase in the number of months of conditional credit to be provided to a candidate from 18-months to 24-months and provided greater clarity as to a board's authority to allow additional time to candidates.

The NASBA-AICPA Joint Committee met in March 2023 to review the topics on its agenda. These included an update on re-exposure to the Model Rules for the granting of credit requirement for sections passed on the Uniform CPA Examination, and a discussion on adding examples to the commentary language to Section 18 of the Uniform Accountancy Act (Confidential Communications) as a way to provide guidance. Committee Chair Nicola Neilon presented an update on the UAA at the NASBA Regional Meetings in June 2023. The Committee may develop additional guidance for Boards of Accountancy by adding additional commentary within the UAA to address services in a virtual work environment. NASBA and AICPA staff continue to monitor legislative initiatives throughout the country that may have a detrimental impact on Boards of Accountancy and continue to focus on barriers to practice.

The NASBA Committee met in September 2023 to discuss and approve proposed revisions to the Uniform Accountancy Act's Model Rules that pertain to peer review. The proposed revisions to the UAA Rules incorporate additional documents and objective information to existing UAA Rules 7-4 and 7-5 related to the AICPA's Facilitated State Board Access (FSBA).

### Committee Members:

Nicola Neilon (NV), Chair  
Angela L. Avant (DC)  
D. Boyd Busby (AL)  
Andrew L. DuBoff (NJ)  
Larry Elmore (TN)  
Marcy J. Luth (NE)  
Marc Moyers (VA)  
Dan Vuckovich (MT)  
Douglas E. Warren (TN)  
Arthur M. Winstead, Jr. (NC)

### Staff Liaisons:

Daniel J. Dustin  
John W. Johnson

# YEAR IN REVIEW 2022-23

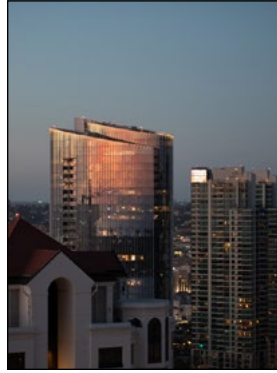


## October 2022

NASBA Board of Directors approves for exposure changes to the Uniform Accountancy Act (UAA) Model Rules for the granting of credit requirement for sections passed on the Uniform CPA Examination.

Passing of the gavel occurs as W. Michael Fritz's term as NASBA Chair 2021-22 ends and Richard N. Reisig's term as 2022-23 NASBA Chair begins.

State board delegates vote on proposed bylaws amendments, adding clarity on Nominating Committee members' eligibility for election to the NASBA Board, and guidelines on work performed by the ERB and its appointment process.



## November 2022

Alliance for Responsible Professional Licensing (ARPL) hosts Projects and Priorities for Stronger Advocacy webinar to discuss efforts to bring the responsible licensing perspective to lawmaker forums.

Executive Directors and CBT Administration Committees of NASBA recommended a policy to Boards of Accountancy for consideration, which would allow candidates with Uniform CPA Examination credit(s) on January 1, 2024, to have such credit(s) extended to June 30, 2025.

NASBA's 115th Annual Meeting, themed "Rebound," concludes in San Diego, CA, with 362 attendees representing 53 Boards of Accountancy.

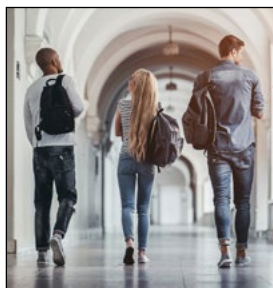


## December 2022

NASBA CPT adds the Louisiana state board to its Ethical Leadership Training Program and reports 30 percent of the United States is participating in the program, which serves as a remediation tool for State Board of Accountancy.

NASBA and AICPA issue proposed revisions to CPE Provider Standards aimed to add greater clarity and flexibility to benefit learners and CPE program providers. Public comments were accepted through March 31, 2023.

NASBA and AICPA leaders issue statement to State CPA Society CEOs and Board of Accountancy executive directors expressing their commitment to strengthening the CPA Pipeline through collaboration and continued advocacy for rigorous education, exam and experience requirements.



## January 2023

Ken L. Bishop announces all meeting and conference restrictions related to COVID-19 will be lifted effective January 1, 2023.

Effective January 4, 2023, the AICPA requires acceptance of a Uniform CPA Examination Conduct and Non-Disclosure Agreement as part of the Exam scheduling process through Prometric.

AICPA unveils 2024 CPA Exam Blueprints for redesigned CPA Exam based on the CPA Evolution Core and Discipline Models.

## February 2023

NASBA hosts 41st Annual Conference for Executive Directors & Board Staff and 28th Annual Conference for Board of Accountancy Legal Counsel February 27-March 1, 2023, in Tucson, AZ, attracting 47 state boards and 33 state societies.

Board of Directors approves for re-exposure changes to the Uniform Accountancy Act Model Rules for the granting of credit requirement for sections passed on the CPA Exam, with comments on changes accepted through April 17, 2023.

NASBA's Daniel J. Dustin and AICPA's Marta Zaniewski conduct CPA Pipeline, CPA Mobility and Substantial Equivalency webinar for state board executive directors.



## March 2023

CPA Examination Services hits its 35th jurisdiction milestone by onboarding the Oregon Board of Accountancy as the newest board to receive application processing and eligibility determination services for the CPA Exam.

NASBA Chair Richard N. Reisig publishes memo, "The More Things Change, The More They Stay the Same" addressing the CPA Pipeline crisis.

NASBA expresses its support of Accounting STEM Pursuit Act of 2023. Under the Act, the accounting profession will become a part of STEM curricula.



# YEAR IN REVIEW 2022-23



## April 2023

The Navigating the U.S. CPA Exam webinar is hosted by NASBA and AICPA on April 13 for candidates pursuing the U.S. CPA license.

NASBA announces historic adoption of an eagerly anticipated amendment to UAA Model Rule 5-7, increasing the length of conditional credit for the CPA Exam from 18 months to 30 months.

Representatives of ARPL host State Partner Webinar to share insights and observations from the 2023 legislative session and discuss new and future advocacy tools.

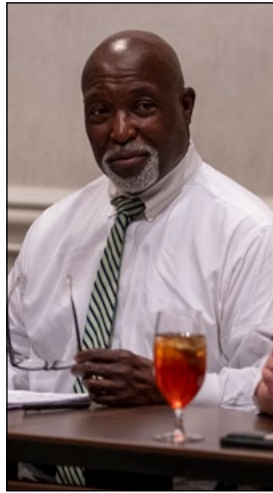


## May 2023

Nominating Committee selects Maria E. Caldwell, CPA, of Florida as its nominee for NASBA vice chair, 2023-24, at its May meeting.

AICPA introduces CPA Pipeline Acceleration Plan, which identifies ways to integrate the changing needs of prospective CPA candidates and young professionals.

CPT Golf Classic held May 8, 2023, at The Governors Club in Brentwood, TN.



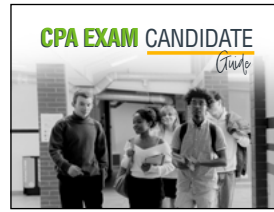
## June 2023

NASBA members convene in Savannah, GA, and Kansas City, MO, for NASBA's 2023 Regional Meetings, which attracted 342 attendees representing 52 Boards of Accountancy.

Applicants for 2024 CPA Exam Passing Score Panel sought by NASBA and AICPA.

Alfonzo Alexander named chairman of PhD Project Board of Directors.

StudentCPT Leadership Conference welcomes 43 students representing 26 colleges and universities.



## July 2023

CPA Exam Candidate Bulletin rebranded as CPA Exam Candidate Guide.

On-demand, explainer video series launched by the Alliance for Responsible Professional Licensing (ARPL) to educate lawmakers on the unintended consequences of one-size-fits-all legislation and its impact on the profession.

## August 2023

Research teams from Bryant University (RI) and Tarleton State University (TX) named recipients of NASBA's Accounting Education Research Grants for 2023. Call for 2024 proposals opens.

Accountancy Licensee Database (ALD) confirms 672,587 actively licensed CPAs as of August 2023 (as reported by 54 of the 55 U.S. jurisdictions).

Experience, Learn and Earn (ELE) post-graduate program launches to ease path to CPA licensure; Tulane School of Professional Advancement (SoPA) serves as program pilot.



## September 2023

In preparation for CPA Evolution, NASBA's CPA Examination Services (CPAES) launches new CPA Portal following a system migration performed to advance technologies and ensure a successful transition to the new Exam.

NASBA's National Registry of CPE Sponsors hosts "Currents, Trends and a Splash of Inspiration" themed National Registry Summit in Clearwater Beach, FL, September 19-20.

CBT Administration Committee recommends Boards of Accountancy consider adopting a one-time credit relief initiative; NASBA hosts informational webinars for board representatives to discuss FAQs and learn more.

Chair Richard N. Reisig shares commentary on recent pipeline challenges affecting the CPA Profession and the 150-hour educational requirement in *Bloomberg Tax Op-ed* entitled, "An Appropriately High Bar."



# 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.



# EXAMINATION

## CPA Examination Services

### 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 rulemaking.

## National Candidate Database

### 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.



### 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.

# LICENSING



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 for both initial and renewal applicants. NASBA also provides excellent and reliable customer service to applicants throughout the entire licensing process. NASBA also offers a service to state boards requiring CPE auditing assistance for the purposes of renewal and/or annual audits.



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



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.

# INTERNATIONAL

## INTERNATIONAL QUALIFICATION EXAMINATION

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), Chartered Accountants Ireland (CAI), CPA Ireland, Instituto Mexicano de Contadores Publicos (IMCP), Institute of Chartered Accountants of Scotland (ICAS) and South African Institute of Chartered Accountants (SAICA).

## 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.



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.



Currently providing services to 53 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.



Launched in 2019, the Education Verification 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.



# LEGISLATIVE

## 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.

# TRAINING



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.

# BOARD SUPPORT

NASBAstore

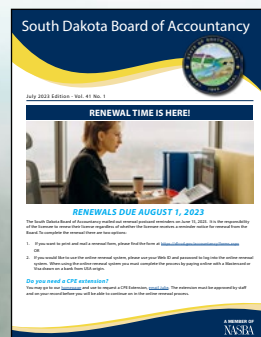
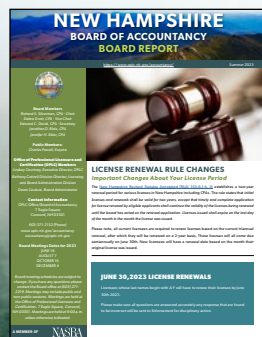
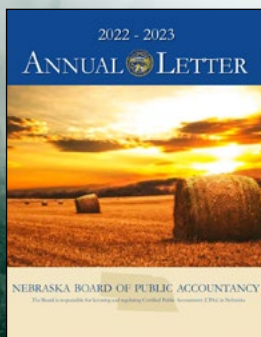
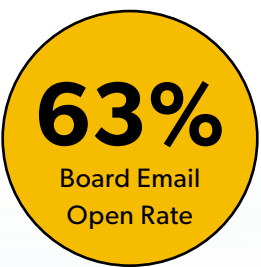


## NASBASTORE / WALL CERTIFICATE SERVICE

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.

## COMMUNICATIONS & OUTREACH

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, annual reports, quick polls and surveys. A total of 44 Boards of Accountancy currently participate in the Communications & Outreach program.



Data collected from October 2022-23.

# COMPLIANCE

## ACCOUNTANCY LICENSEE DATABASE (ALD)



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. Fifty-three Boards of Accountancy are currently participating, with Vermont and Hawaii 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.

## ACCOUNTANCY LICENSING LIBRARY (ALL)



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. In addition, NASBA offers complimentary accounts to accounting program chairs at colleges and universities for use in academic advising for those wishing to pursue the CPA credential.

## CPAMOBILITY.ORG

**CPAmobility.org**

With statutes approved in 54 of the 55 U.S. jurisdictions, individual mobility has become a reality for CPAs from coast to coast. In addition, 33 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” framework. 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



*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 53 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.

# CONTINUING PROFESSIONAL EDUCATION

## NATIONAL REGISTRY OF CPE SPONSORS

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 over 2,000 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.



## 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 25,000 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.

## CPE AUDIT SERVICE

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 14 boards currently using the CPE Audit Service to assist with CPE reporting and conducting audits of their professionals' compliance with their CPE requirements.



## 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.



# GROWTH IN 2023



This fiscal year has been a return to normal in many ways for the NASBA Center for the Public Trust (CPT) marked with growth and expansion for both StudentCPT chapters and professional programs. Working alongside NASBA leadership and members, CPT Board members and other partners, the CPT enrolled more states in the professional Ethical Leadership Training, launched new StudentCPT chapters and hosted the StudentCPT Leadership Conference all to fulfill its mission to *develop, empower and promote ethical leaders*.

## STUDENTCPT LEADERSHIP CONFERENCE

Each year, the NASBA Center for the Public Trust (CPT) hosts the well-anticipated StudentCPT Leadership Conference (SLC). The SLC was 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. This year, SLC was held June 26–28, 2023, in Kansas City, MO, creating opportunities for 43 student leaders from 27 colleges and universities to connect and build upon their leadership skills.



### STUDENT LEADERSHIP CONFERENCE

<p>Tuesday, June 27</p>	<p><b>Embracing an Uncommon Mindset</b> – Alfonzo Alexander, President, NASBA CPT, and Chief Ethics &amp; Diversity Officer, NASBA</p> <p><b>Strategic Networking</b> – Deborah Lederman, NASBA CPT, Operations Manager and Sedrik Newbern, NASBA CPT Consultant</p> <p><b>The Heart of Leadership</b> – Dr. Jason Brooks, President, The Brooks Group</p> <p><b>Strengths Based Leadership</b> – Alfonzo Alexander, President, NASBA CPT, and Chief Ethics &amp; Diversity Officer, NASBA</p>
<p>Wednesday, June 28</p>	<p><b>StudentCPT Officer Training/Developing a Star Chapter</b> – Jasmine Jenkins, NASBA CPT, Student Programs Manager</p>

## STUDENTCPT CHAPTERS

The Student Center for the Public Trust (StudentCPT) chapter program continues to influence 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 2023, the CPT launched two StudentCPT chapters. The first was on the campus of Eastern Kentucky University. The second was in Jackson, MS, at Jackson State University. With the vision of becoming the largest network of ethical leaders on college campuses, the StudentCPT continues to grow and now connects students in 54 chapters across 24 states and U.S. territories.

## HBCU INITIATIVE

Since the launch of the CPT’s HBCU Initiative, which aims to bring StudentCPT chapters to the nation’s Historically Black College and University (HBCU) campuses, the CPT has onboarded three (3) HBCUs – Tennessee State University (Nashville, TN), Alabama State University (Montgomery, AL), and Jackson State University (Jackson, MS). Additionally, there are currently eight (8) HBCUs in varying stages of new chapter development. The HBCU initiative seeks to expose greater numbers of HBCU students to ethical leadership and the accounting profession. This program also helps advance diversity and inclusion, while providing students with access to mentors and others who 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 5,549 college students in the Ethical Leadership Certification Program this past fiscal year. 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.



## ETHICS IN ACTION STUDENT VIDEO COMPETITION

The 2023 *Ethics in Action* Student Video Competition continued to help spread the importance of ethical decision-making through the creativity of college students. The national competition allowed students to creatively share their views on ethics and accountability in business. This year's competition received 27 video entries generating 4,615 views during Viewers' 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 University of Wyoming, Tennessee Tech University, Lipscomb University, Pepperdine University, Maryville University, Marshall University and Texas State University.

## 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. The CPT continued to partner with Boards of Accountancy in the use of ELT for disciplinary actions. With the addition of new states this year, the 19 participating state boards include Alabama, California, Connecticut, Florida, Idaho, Kansas, Louisiana, Minnesota, Missouri, New Hampshire, North Dakota, Oklahoma, Pennsylvania, South Carolina, Tennessee, Utah, Washington, West Virginia and Wyoming. During the 2022-2023 fiscal year, 141 professionals successfully completed the training program. 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.

## 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), IL Board of Examiners Educators' Conference and the IMA Women's Leadership Conference. The CPT provided CPE workshops and presentations for the Alabama Society of CPAs, Georgia CPA Society and Kentucky Society of CPAs. The CPT's partnership with Baruch College as cohosts of the 15th annual Ensuring Integrity: Audit Conference hosted more than 170 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

Owner, J. Coalter Baker, CPA/PFS

### TOMMYE BARIE, CPA

Executive VP of Leadership Development,  
Succession Institute, LLC

### JASON BROOKS, PH.D., MBA

Founder & CEO, Thrive

### KEVIN JAMES, PH.D., CPA

Associate Professor, North Carolina A&T State University

### WILLIAM LATHAM, PH.D.

Chief Student Development & Success Officer,  
University of the District of Columbia

### DELBERT MADISON

Senior Vice President, Cash Management Officer,  
ServisFirst Bank

### SEAN P. MCVEY, CPA

Partner, Deloitte LLP

### KYMBERLY MESSERSMITH

Managing Director, KPMG

### KENT NOBLE

Bill Daniels Chair of Business Ethics,  
University of Wyoming College of Business

### ANDREA P. PERRY, ESQ.

Partner, Spencer Fane

### JOSEPH PETITO, ESQ.

Retired Principal - Public Policy,  
PricewaterhouseCoopers LLP

## CPT STAFF

### KEN L. BISHOP

CEO, NASBA CPT

### ALFONZO ALEXANDER

President, NASBA CPT

### TROY A. WALKER, CPA

CPT CHIEF FINANCIAL OFFICER

### JEREMY DAVENPORT, CPA

CPT Controller

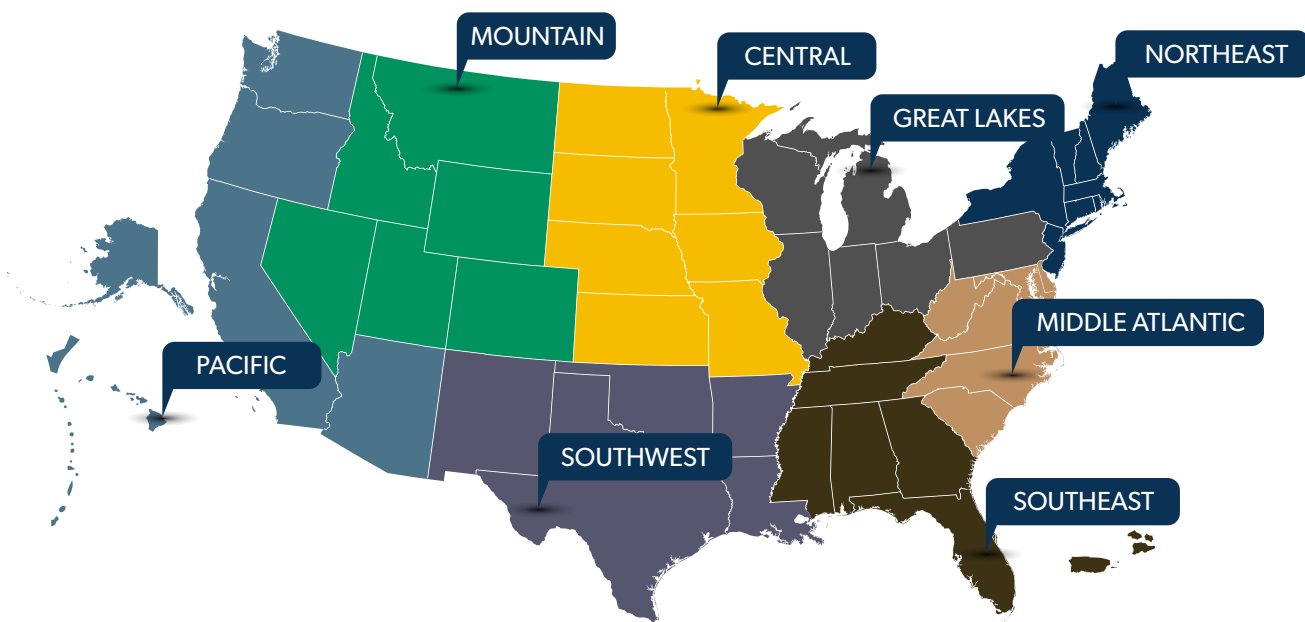
### SHARRONA REAVES

CPT Director, Programs and Development

### JASMINE JENKINS

Student Programs Manager

# 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

# NASBA

National Association  
of State Boards of Accountancy, Inc.

Independent Auditors' Report and  
Consolidated Financial Statements

July 31, 2023 and 2022







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](http://www.nasba.org)

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

**September 21, 2023**

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, 2023 and 2022, 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](http://www.nasba.org)

## REPORT OF MANAGEMENT

September 21, 2023

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 changes in net assets, financial position 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 financial 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

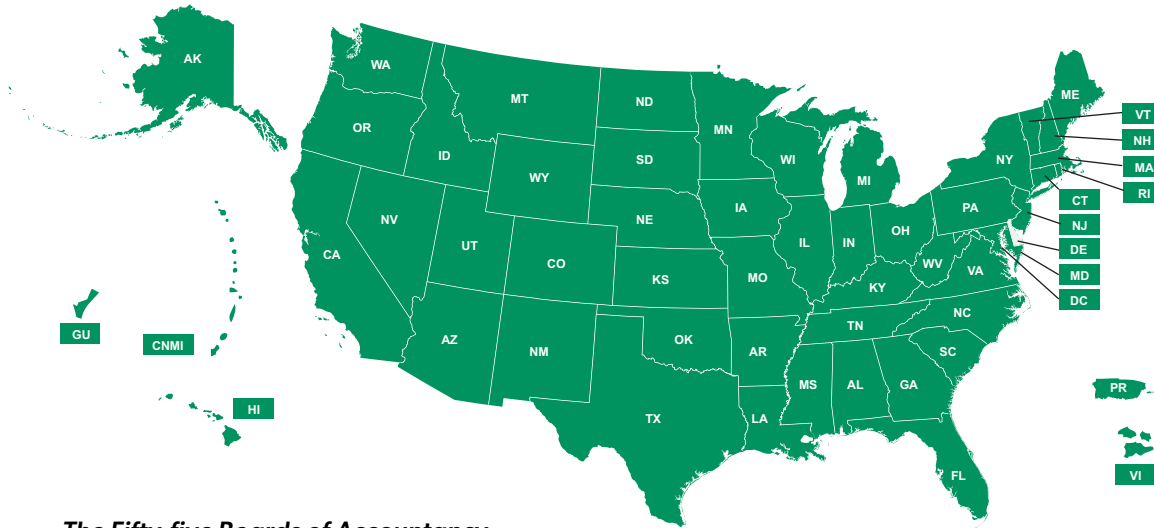


Troy A. Walker, CPA  
Chief Accounting Officer

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.  
 MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2023

MISSION, STRATEGIC OBJECTIVES AND OPERATIONS

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 Fifty-five Boards of Accountancy**

**Strategic  
Objective Categories**

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

NASBA’s just cause for existence is the protection of the public by strengthening the regulatory impact of the Boards. NASBA’s executive management and staff align the level of Mission activities and support to objectives defined in NASBA’s strategic plan. These areas of emphasis guide resource deployment and provide focus on matters of importance to Boards. They are guiding principles for staff, and for the organization, when commencing new services and sustaining ongoing endeavors.

These strategic objectives also provide a framework for operating services related to the CPA Examination and compliance activities and include licensing on behalf of Boards and maintaining continuing professional education (CPE) standards. Operating services create the resources essential to Boards in their overarching responsibilities of regulation and enforcement so as to fulfill their role of public protection. Mission-related Member Services created by NASBA include Board-supporting

services such as the Accountancy Licensee Database (ALD), Accountancy Licensing Library (ALL), CPE Audit Service, the monitoring of legislation and governmental activities that impact the profession, and other various licensing support and services.

An essential component of NASBA’s Mission is the funding of committees and conferences. There were twenty-four committees and task force included in Missions during Fiscal 2023 that focused on topics to enhance the effectiveness of CPA regulation. Topics include ethics, education, diversity, accounting standards, professional trends, CPE, CPA pipeline, peer review, and enforcement. NASBA facilitated conferences that integrated in-person attendance with virtual capabilities, comprised of the Annual Meeting, Eastern and Western Regional Meetings, and conferences for the Boards’ executive directors, operations staff and legal counsels.



# NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC. MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2023

Activities of the NASBA Center for the Public Trust (CPT) are also a component of Mission-related expenses. CPT is a nonprofit, public benefit entity which exists to develop, encourage, acknowledge and promote ethical leadership. This is accomplished by equipping professionals with tools to make principled decisions via thought provoking seminars, conferences and virtual training platforms which simulate real-world situational ethical decision making. CPT has established Student Center for the Public Trust (StudentCPT) chapters at fifty-four colleges and universities. These chapters educate and engage future business leaders in ethics, accountability and integrity. CPT has increased its Student CPT chapters through expansion at Historically Black Colleges and Universities.

## 2023 YEAR IN REVIEW

In both mission and financial areas, NASBA had a fruitful year. Spending on Mission-related activities increased from the prior year. Revenue increased significantly over fiscal 2022 due to impending major examination changes related to CPA Evolution. Historically, examination changes of this magnitude result in revenue increases as candidates apply to test before changes are implemented. Consequently, due to revenue increases and investment returns, the increase in net assets outpaced the prior fiscal year.

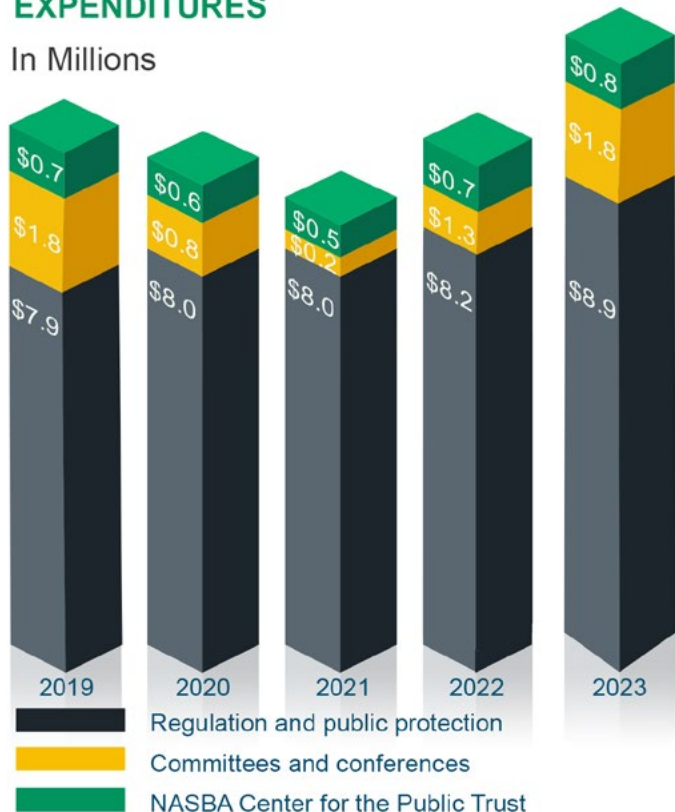
NASBA attained historic highs in regard to Mission-related Member Services expenditures as shown in the charts to the right. A return to full in-person conference and committee meetings brought NASBA's stakeholders together for significant discussions regarding CPA pipeline and evolution, experience, learn and earn (ELE) and other regulatory and licensing-related issues. These meetings and conferences amplified Board and NASBA efforts towards protecting the public. In addition to the increased Mission-related committee and conference expenses in fiscal 2023, expenditures for both regulation and public protection and CPT also increased from the prior year.

During fiscal 2023, NASBA completed a significant multi-year information technology (IT) project related to technical debt that began in the prior year. In addition, a significant software development project, also initiated in fiscal 2022, neared completion. The second project is related to the transformation (CPA Evolution) of the CPA Examination into a core test plus one of three candidate-chosen areas of emphasis (Information Systems and Controls, Tax Compliance and Planning, or Business Reporting and Analysis). Concurrently, NASBA improved complementary software which enables its CPA Examination-related operations to determine eligibility and process candidate applications. This overarching IT project was substantially completed in August 2023, and the software was placed in-service at that time.



## MISSION-RELATED MEMBER SERVICES EXPENDITURES

In Millions



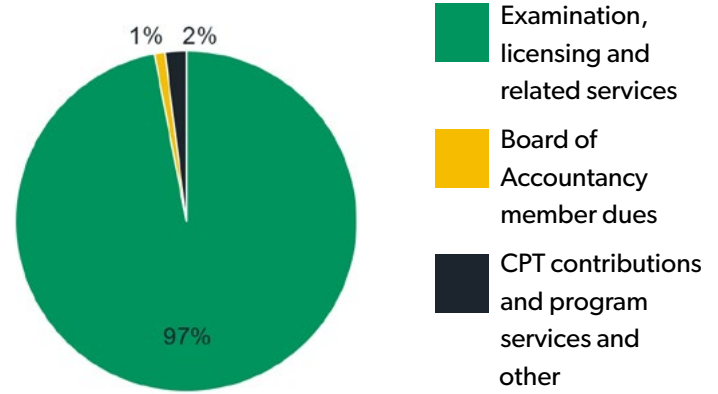
NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.  
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2023

PROGRAM REVENUE

The ability to fund Mission spending stems from several revenue channels. The chart to the right shows the total revenue as reflected in the consolidated statements of activities. Program revenue by activity is shown on the following page. Essentially all of NASBA's revenue (97% in both fiscal 2023 and 2022) originates from examination, licensing and related services. The smallest percentage of total revenue (1% in both fiscal 2023 and 2022) stems from Board member dues. The remaining 2% of total revenue is comprised of CPT contributions and program services along with other Mission-related services, such as conference fees.

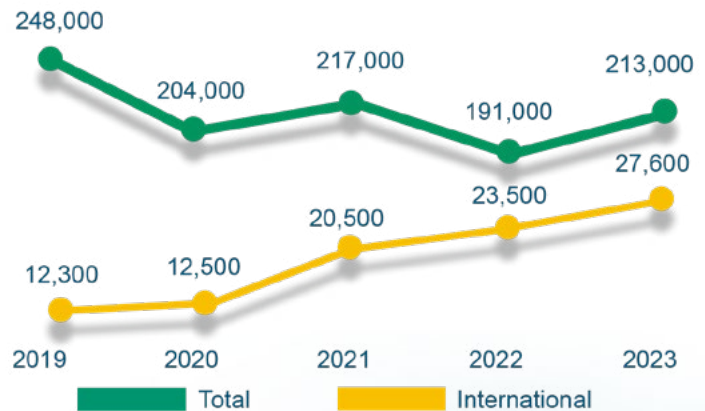
Examination and licensing revenue derives from fees for evaluating the credentials of individuals progressing to CPA licensure and performed on behalf of the respective Boards. Services such as application processing, credential evaluation, and score reporting are provided to candidates, ultimately seeking licensure, through services provided to thirty-five Boards. NASBA's capabilities assist Boards and staff in their administrative tasks of initial licensing of CPAs. Along with the revenue directly related to the processing of candidates into the CPA Examination network, NASBA earns revenue related to academic evaluations of international-based education credentials. Examination and licensing revenue also includes fees related to the operation of the National Candidate Database, a global, central information repository for all CPA Examination candidates. Through this database, NASBA assists in the processing of candidates testing in both U.S. and international locations. Once a candidate passes the CPA Examination, additional NASBA licensing services may also be provided to CPA candidates on behalf of some Boards.

Through the National Registry of CPE Sponsors (Registry), NASBA provides support to the Boards mission and to CPA licensees professional competency by identifying quality CPE providers that meet nationally accepted standards for development, presentation, measurement and reporting of educational programs. Revenue is generated by evaluating CPE providers who pledge to meet stringent CPE program standards. To be approved, learning providers must demonstrate that the 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 and focuses on CPE standards, improved delivery methods and increased learning effectiveness. This conference was held in-person in September 2022 after two years of a solely virtual-format. 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 as shown in the program revenue on the following page.



**In fiscal 2023, 213,000 examination sections were processed through the National Candidate Database. Included in this total are 27,600 sections related to candidates choosing to test at international locations. The total examination sections in fiscal 2023 increased 12% from the 191,000 sections in fiscal 2022.**

NATIONAL CANDIDATE DATABASE  
CPA EXAMINATION SECTIONS



# NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC. MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2023

Member dues, CPT-related revenue (contributions and program services), and other revenue such as conference fees are included in Member services, dues and other revenue in the consolidated statements of activities.

Total revenue increased by 12% in fiscal 2023 from fiscal 2022. Most of the increase is from examination-related services. As shown in the chart on the previous page, total CPA Examination sections processed through the National Candidate Database increased from the prior year. As the CPA Evolution initiative culminates in CPA Examination changes on January 1, 2024, candidate volume prior to the change has trended strongly upwards. This increase in candidates and revenue

affected all of the substantial services included in Examination program revenue—domestic and international application evaluation, National Candidate Database processing, and international testing. As a result of this increase, Examination as a percentage of total revenue increased from 71% in fiscal 2022 to 74% in fiscal 2023. In addition, Compliance services and other revenue increased from the prior fiscal year. The increase in other revenue is primarily attributable to conference fees associated with the in-person, San Diego, CA Annual Meeting in October 2022 (fiscal 2023) compared to the November 2021 (fiscal 2022) virtual meeting where conference fees were eliminated. The reduction in CPT-related revenue is from slightly lower online training program revenue than the prior fiscal year.

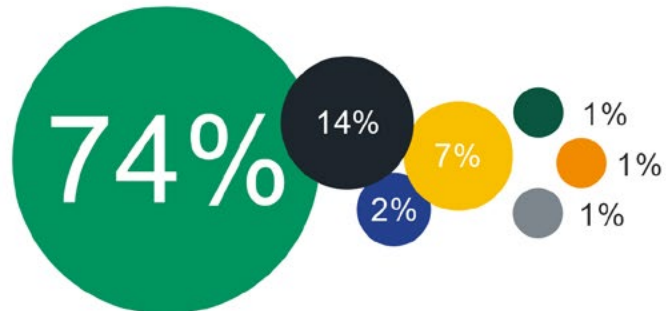
## PROGRAM REVENUE

	% CHANGE
<b>OVERALL</b>	<b>12.0%</b>
<span style="color: green;">■</span> EXAMINATION & LICENSING	13.2 %
<span style="color: black;">■</span> COMPLIANCE SERVICES	5.9 %
<span style="color: yellow;">■</span> MEMBER DUES	0.0 %
<span style="color: grey;">■</span> CPT	(20.0)%
<span style="color: blue;">■</span> OTHER	66.7 %



## REVENUE BY ACTIVITY

<span style="color: green;">■</span> EXAMINATION	74%
<span style="color: black;">■</span> COMPLIANCE SERVICES	14%
<span style="color: yellow;">■</span> INTERNATIONAL EVALUATION SERVICES	7%
<span style="color: blue;">■</span> LICENSING	2%
<span style="color: darkgreen;">■</span> CPT	1%
<span style="color: orange;">■</span> MEMBER DUES	1%
<span style="color: grey;">■</span> OTHER	1%



**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.  
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2023**

**PROGRAM EXPENSES**

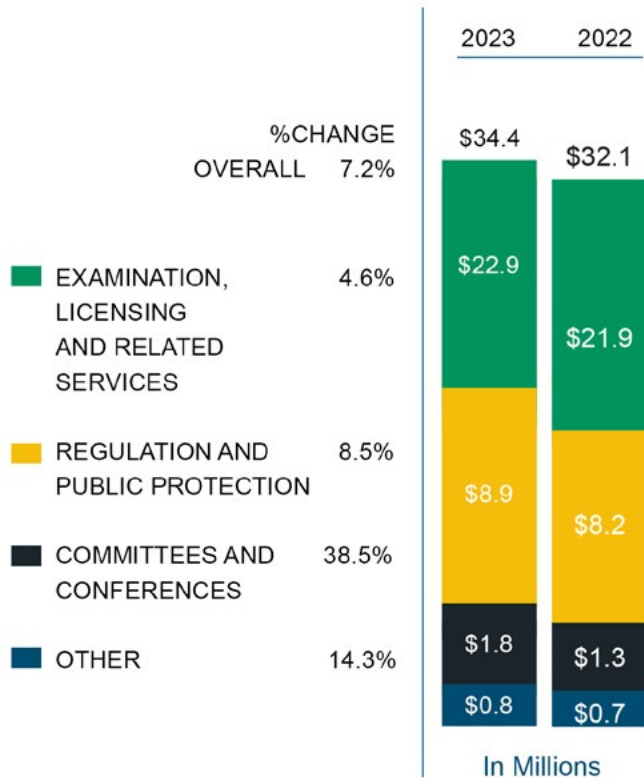
Total consolidated program expenses increased by 7% to \$34.4 million in fiscal 2023 compared to \$32.1 million in fiscal 2022. This is an increase of \$2.3 million.

The primary components of this increase are expenses related to conferences, meetings and travel, professional services and salaries and benefits. In-person meetings for conferences and committees along with other travel continued to increase and return to pre-pandemic levels in fiscal 2023. All NASBA conferences were held in-person, with a virtual option, during fiscal 2023. In fiscal 2022, the Annual Meeting remained virtual-only. The increase in professional services expense in fiscal 2023 relates to various IT projects which were

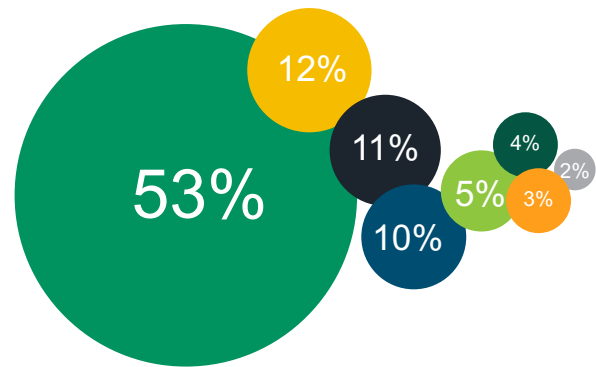
previously discussed and focused on NASBA’s overall infrastructure and applications which are expected to provide overall cost savings, operational efficiency, and improved cyber security for the future. Like many other organizations during the past few years, NASBA has incurred increased employee-related expenses resulting from inflationary pressures and staffing challenges.

As shown in the consolidated statements of functional expenses, aside from the expense categories discussed in the previous paragraph, the amount of expenses by function for fiscal 2023 was generally in line with fiscal 2022. Overall, total operating expenses for NASBA during fiscal 2023 were incurred on the programs and services shown below.

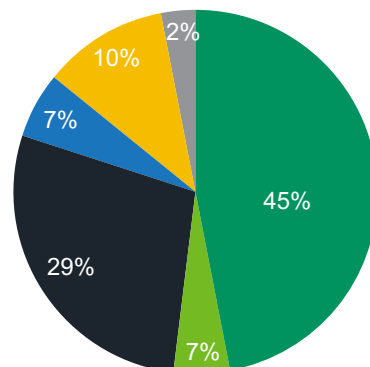
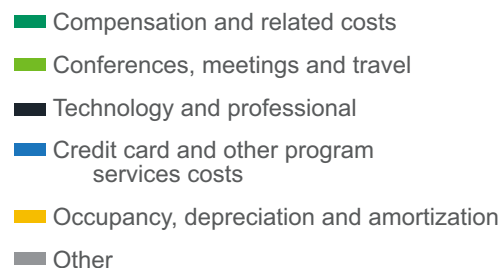
**PROGRAM EXPENSES**



**EXPENSES BY ACTIVITY**



**EXPENSES BY FUNCTION**



NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.  
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2023

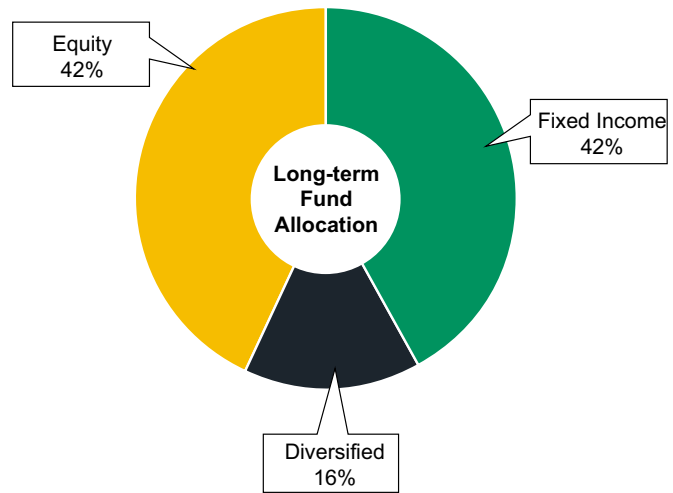
INVESTMENTS

NASBA has long-term investment securities which 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, as discussed in Note 5 of the consolidated financial statements, and its conservative investment posture, provides financial stability, and allows leadership to make mission resource decisions without negative impacts to 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, 2023, 42% 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.

Equity funds, which are also 42% of the total long-term fund at July 31, 2023, are invested in a variety of mutual funds and managed fund accounts. These include large-cap, mid-cap, small cap, and international stocks with various value versus growth style orientations for diversification within the equity class. The smallest class allocation in the long-term fund (16%) is the diversified asset class which includes investments which have risk versus return characteristics that are not correlated to the equity or fixed income markets. These securities have served their purpose during the recent turbulence in both equity and fixed income markets. The allocation percentages at July 31, 2023 are similar to the allocation percentages at July 31, 2022.

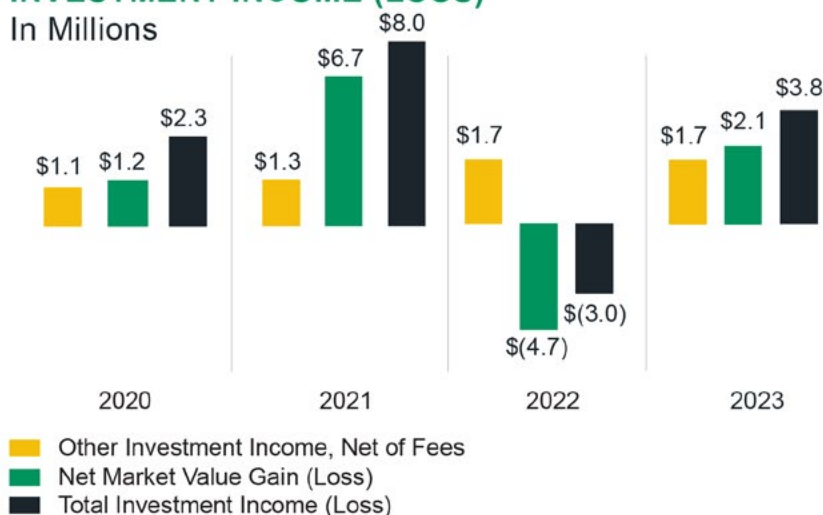
NASBA also has a minimal ownership percentage in a company that includes the operations of a formerly wholly-owned subsidiary. This



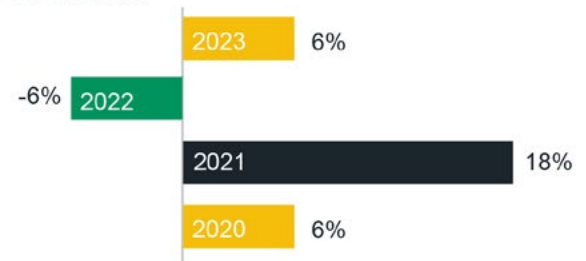
investment is shown as Investment in affiliate in the consolidated statements of financial position.

The total investment securities balance at July 31, 2023 was \$51.9 million. This is an increase from the \$48.0 million balance at July 31, 2022 and a slight increase from the July 31, 2021 balance before the overall decline in the market experienced during parts of fiscal 2022 and 2023. The chart below shows the net investment income for fiscal 2023 of \$3.8 million. This includes the net market value gain of \$2.1 million, as compared to the \$4.7 million loss in fiscal 2022. Also shown in the chart is other investment income, comprised of interest and dividends, net of investment fees. The significant increase in interest rates as set by the Federal Reserve over the last two years has contributed positively to NASBA's investment income on its operational cash and short-term investments.

INVESTMENT INCOME (LOSS)  
In Millions



LONG-TERM INVESTMENT RETURN





**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.  
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2023**

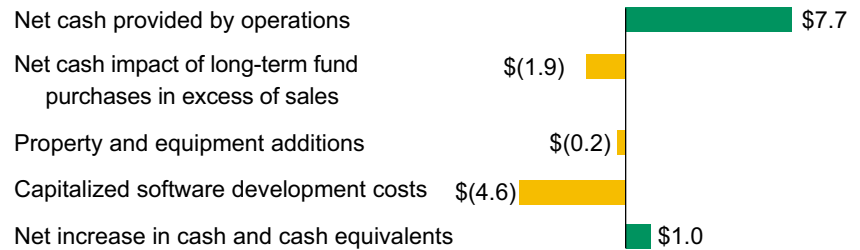
**CASH FLOW, FINANCIAL POSITION AND LIQUIDITY**

Cash and cash equivalents increased by a net of \$1.0 million in fiscal 2023. As shown in the chart to the right, this increase is related to operations during the fiscal year as cash received for services was greater than cash paid for expenses. In addition, interest and dividends received of \$1.8 million increased net cash provided by operating activities. Most of the interest and dividends received were subsequently reinvested. A significant cash use was the investment of \$4.6 million for capitalized software development in fiscal 2023 related to software for CPA Evolution and other internal software used to evaluate credentials and process applications for CPA Examination candidates.

A unique item in the prior year (fiscal 2022) was the gain on loan forgiveness granted by the Small Business Administration under the Paycheck Protection Program. The \$1.9 million proceeds from this loan were received in fiscal 2021. However, the total gain from the loan forgiveness of \$2.0 million, which included the original loan principal plus accrued interest, was included in the consolidated statements of activities in fiscal 2022.

Total cash and cash equivalents were \$18.8 million at July 31, 2023. The cash and cash equivalents balance remained steady with the prior year even with the significant software development investment during fiscal 2023. The increase in candidate volume ahead of the January 1, 2024 CPA Examination change, as previously discussed, helped to fund IT projects during fiscal 2023. Note 5 of the consolidated financial statements details the \$72.1 million of financial assets available for general expenditure in fiscal 2023. This includes both the cash and cash equivalents balance and specific detail of the \$51.9 million investment securities balance available for general expenditure in the near term. At this time, management does not anticipate the need to liquidate any long-term assets to meet cash needs during fiscal 2024.

**CASH PROVIDED (USED)**  
In Millions



NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.  
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2023

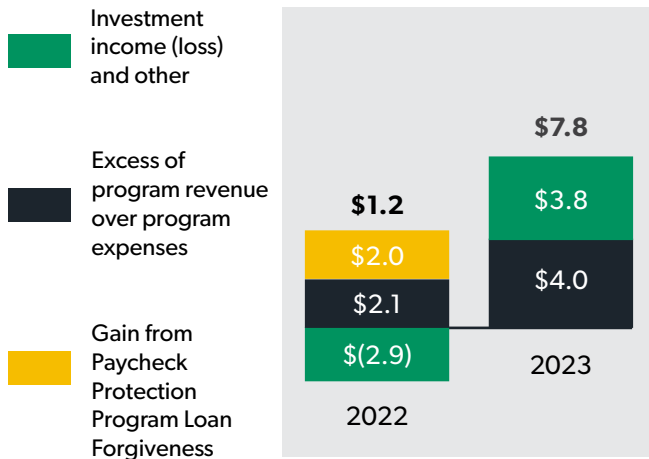
NET ASSETS

The total increase in net assets for fiscal 2023 was \$7.8 million. The change in net assets for both fiscal 2023 and fiscal 2022 are shown in the chart below. Included in investment income (loss) and other is the postretirement benefit cost and credit for fiscal 2023 and 2022, respectively.

During fiscal 2023, NASBA continued to serve Boards, grow its services and improve its financial position and stability. NASBA faced the challenges regarding CPA pipeline, the CPA Examination

and substantial equivalency head on. The organization once again increased its Mission-related Member services expenditures. IT projects were completed or neared completion and remained on schedule and within budget. NASBA successfully managed and increased its short and long-term investments to provide financial security for some years into the future. In the end, NASBA completed one of its most successful financial fiscal years in terms of increases to net assets. The financial achievements of fiscal 2023 sustain NASBA's continued ability to grow in Board services and from a position of financial strength and stability. NASBA is positioned to enhance the effectiveness and advance the common interest of the Boards as a new beginning awaits on the horizon.

**CHANGE IN NET ASSETS**  
In Millions



**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 21, 2023**

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, 2023, 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 assessed the need for Charter changes for recommendation to the Board of Directors;
- The Committee received presentations from the organization’s Chief Information Officer and Chief Information Security Officer summarizing the security program in place for 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, fees 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, 2024; 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, 2023.

Respectfully submitted,

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

By: Michael T. Schmitz, CPA, Chair

Other Members of the Committee

Phillip Austin, CPA, CA (SA)

Tyrone E. Dickerson, CPA

M. Aron Dunn, CPA

Leilani Rodrigo, CPA

Melissa Ruff, CPA

Debra Seefeld, CPA



## INDEPENDENT AUDITORS' REPORT

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

### Opinion

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, 2023 and 2022, the related consolidated statements of financial position as of July 31, 2023 and 2022, and consolidated cash flows for the years then ended, and the related notes to consolidated financial statements.

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, 2023 and 2022, financial position as of July 31, 2023 and 2022, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the National Association of State Boards of Accountancy, Inc. and subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the National Association of State Boards of Accountancy, Inc. and subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the

consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Association of State Boards of Accountancy, Inc. and subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the National Association of State Boards of Accountancy, Inc. and subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**LBMC, PC**

Brentwood, Tennessee  
September 21, 2023

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

	2023	2022
<b>Program Revenue</b>		
Examination, licensing and related services	\$ 37,092	\$ 33,090
Member services, dues and other revenue	1,253	1,099
Total program revenue	38,345	34,189
<b>Program Expenses</b>		
Examination, licensing and related services	22,887	21,942
Member services:		
Regulation and public protection	8,899	8,226
Committees and conferences	1,802	1,274
Other	770	670
Total program expenses	34,358	32,112
<b>Excess of Program Revenue Over Program Expenses</b>	3,987	2,077
<b>Net Assets Released from Restrictions</b>	3	-
<b>Postretirement Benefit (Cost) Credit</b>	(97)	118
<b>Investment Income (Loss)</b>	3,849	(3,013)
<b>Gain from Paycheck Protection Program Loan Forgiveness</b>	-	1,958
<b>Increase in Net Assets Without Donor Restrictions</b>	7,742	1,140
<b>Change in Net Assets with Donor Restrictions</b>		
Contributions and investment income (loss)	69	21
Net assets released from restrictions	(3)	-
<b>Increase in Net Assets With Donor Restrictions</b>	66	21
<b>Increase in Net Assets</b>	7,808	1,161
<b>Net Assets, Beginning of Year</b>	71,759	70,598
<b>Net Assets, End of Year</b>	\$ 79,567	\$ 71,759

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
<b>2023</b>			
Compensation	\$ 8,273	\$ 3,697	\$ 11,970
Benefits, taxes and other employee costs	2,626	984	3,610
Conferences and meetings	123	1,215	1,338
Travel	65	912	977
Technology	1,599	949	2,548
Professional services	5,087	2,276	7,363
Credit card and other program service costs	2,318	35	2,353
Occupancy	1,185	444	1,629
Depreciation and amortization	1,103	670	1,773
Office	249	83	332
Marketing and community support	15	59	74
Other	244	147	391
	<u>\$ 22,887</u>	<u>\$ 11,471</u>	<u>\$ 34,358</u>

	Examination, licensing and related services	Member services	Total
<b>2022</b>			
Compensation	\$ 8,257	\$ 3,404	\$ 11,661
Benefits, taxes and other employee costs	2,558	884	3,442
Conferences and meetings	18	847	865
Travel	39	629	668
Technology	1,426	835	2,261
Professional services	4,821	2,049	6,870
Credit card and other program service costs	1,971	17	1,988
Occupancy	1,162	569	1,731
Depreciation and amortization	1,097	665	1,762
Office	274	75	349
Marketing and community support	5	51	56
Other	314	145	459
	<u>\$ 21,942</u>	<u>\$ 10,170</u>	<u>\$ 32,112</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**

	2023	2022
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 18,823	\$ 17,856
Receivables	2,059	1,367
Prepaid expenses	942	850
Total current assets	21,824	20,073
Investments and Other Assets		
Investment securities, at fair value	51,942	47,961
Investment in affiliate	884	884
Other assets	345	285
Total investments and other assets	53,171	49,130
Property and Equipment		
Less accumulated depreciation and amortization	8,725	8,694
Net property and equipment	3,108	3,636
Operating lease right-of-use assets		
Operating lease right-of-use assets	5,411	-
Software Development Costs		
Less accumulated amortization	19,952	15,612
Net software development costs	13,518	10,186
Total assets	\$ 97,032	\$ 83,025
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 6,584	\$ 6,842
Deferred revenue	3,423	2,247
Operating lease liabilities	1,670	-
Other current liabilities	67	124
Total current liabilities	11,744	9,213
Long-term Liabilities		
Operating lease liabilities	5,398	-
Other long-term liabilities	323	2,053
Total long-term liabilities	5,721	2,053
Total liabilities	17,465	11,266
Net Assets		
Without donor restrictions	79,189	71,447
With donor restrictions	378	312
Total net assets	79,567	71,759
Total liabilities and net assets	\$ 97,032	\$ 83,025

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**

	2023	2022
<b>Operating Activities</b>		
Cash received for services	\$ 40,917	\$ 36,418
Cash received for membership dues	302	294
Cash received from donors to NASBA Center for the Public Trust	158	195
Interest and dividends received	1,759	1,801
Cash paid to employees, vendors and others	(33,935)	(30,343)
Cash paid for operating leases	(1,798)	(1,836)
Cash received from examination candidates for examination partners	50,554	42,919
Cash paid to escrow accounts for examination partners	(50,213)	(42,659)
	7,744	6,789
Net cash provided by operating activities		
<b>Investing Activities</b>		
Property and equipment additions	(240)	(263)
Proceeds from property and equipment disposals	-	3
Capitalized software development costs	(4,656)	(2,880)
Purchases of investment securities	(15,825)	(15,948)
Proceeds from sale of investment securities	13,954	14,578
Other	(10)	(8)
	(6,777)	(4,518)
Net cash used by investing activities		
<b>Net Increase in Cash and Cash Equivalents</b>	967	2,271
<b>Cash and Cash Equivalents, Beginning of Year</b>	17,856	15,585
<b>Cash and Cash Equivalents, End of Year</b>	\$ 18,823	\$ 17,856

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**

	2023	2022
Reconciliation of increase in net assets to net cash provided by operating activities:		
Increase in net assets	\$ 7,808	\$ 1,161
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	765	755
Amortization of software development costs	1,008	1,007
(Gains) losses on investment securities	(2,110)	4,695
Noncash lease expense	1,292	-
Loss on disposals of property and equipment	3	31
(Gains) losses on endowment fund investment securities	(3)	22
Gain from Paycheck Protection Program loan forgiveness	-	(1,958)
Recognition of deferred rent credit	-	(111)
Changes in assets and liabilities		
(Increase) decrease in:		
Receivables	(692)	64
Prepaid expenses and other assets	(139)	491
Increase (decrease) in:		
Accounts payable, accrued and other liabilities	224	643
Deferred revenue	1,176	(11)
Operating lease liabilities	(1,588)	-
Net cash provided by operating activities	\$ 7,744	\$ 6,789
Supplemental Disclosure		
Accrued capitalized software development costs	\$ 208	\$ 524
Noncash recognition of operating lease right-of-use assets upon adoption of Accounting Standards Codification 842	\$ 6,505	\$ -
Noncash recognition of operating lease right-of-use assets in exchange for new operating lease liabilities	\$ 198	\$ -

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 ("GAAP").

#### 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.

#### Newly adopted accounting pronouncement

On August 1, 2022, NASBA adopted the cumulative accounting standard updates initially issued by the Financial Accounting Standards Board ("FASB") in February 2016 that amended the accounting for leases and are codified as Accounting Standards Codification Topic 842 ("ASC 842"). ASC 842 generally requires on-balance sheet recognition for all leases with terms that exceed twelve months. The new lease accounting model continues to reflect two types of leases. A lessee accounts for most existing capital leases as finance leases. This results in recognizing amortization of the right-of-use ("ROU") asset, as well as separately recognizing interest on the lease liability in the consolidated statements of activities. Most existing operating leases remain as operating leases which results in recognizing a single total lease expense. Both finance leases and operating leases result in the lessee recognizing a ROU asset and a lease liability. The guidance applied by a lessor is substantially similar to previous GAAP. A lessor classifies leases as (1) sales-type, (2) direct financing, or (3) operating using criteria consistent with GAAP requirements prior to ASC 842.

NASBA elected the amended transition requirements which provide relief by not requiring entities to recast prior comparative periods. As a result, the prior year comparative consolidated financial statements have not been restated to reflect the adoption of ASC 842. Additionally, NASBA elected the package of practical expedients available upon adoption whereby an entity need not reassess

expired contracts for lease identification or classification as a finance or operating lease, or for the reassessment of initial direct costs. NASBA has not elected the practical expedient to use hindsight to determine the lease term for its leases at transition. NASBA adopted the practical expedient to use the risk-free rate based on the term of the lease. NASBA's agreements do not contain any material residual value guarantees or material restrictive covenants.

The adoption of ASC 842 resulted in recognition of operating lease ROU assets of \$6,505,000 and operating lease liabilities of \$8,458,000 at August 1, 2022 with no cumulative adjustment to net assets. The operating lease ROU assets were reduced by \$1,293,000 of accrued rent payable and \$601,000 of deferred rent credit which were included in other current liabilities and other long-term liabilities, as well as, \$59,000 of accrued sublease loss in accounts payable and accrued liabilities in the consolidated statements of financial position at July 31, 2022. The consolidated financial statements for the year ended July 31, 2022 are presented in accordance with ASC 840.

#### New accounting pronouncement

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments—Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 is meant to provide more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The guidance is effective beginning August 1, 2023 for NASBA. Management is currently evaluating the impact adoption of ASU 2016-13 will have on its consolidated financial statements and disclosures.

#### 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.

# NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 2. Significant Accounting Policies (Continued)

#### Reclassification

Certain prior year information has been reclassified to conform to the current year presentation. For fiscal 2022, cash paid for operating leases in the consolidated statements of cash flows was reclassified from cash paid to employees, vendors and others. This reclassification had no effect on net assets or changes in net assets as previously reported.

#### 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, 2023, the portion of the balance exceeding the FDIC insurance limits is approximately \$10,000. 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, 2023 or 2022.

#### 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.

#### 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 a policy approved by the CPT Board of Directors and are invested in equity, fixed income and diversified securities.

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.

# NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 2. Significant Accounting Policies (Continued)

#### 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.

#### Leases

A determination of whether an arrangement is or contains a lease occurs at the inception of the contract. A contract is or contains a lease if the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration. The right to control is determined to exist when there is the right to obtain substantially all of the economic benefit from the use of the identified asset and the right to direct the use of the identified asset. Operating lease liabilities are measured at the present value of the future minimum lease payments for the term of the lease. ROU assets are measured at the initial measurement of the operating lease liability and adjusted for lease incentives received and deferred rent liabilities. The risk-free rate is used to determine the present value measurement. Lease renewals are included in the lease term when it is reasonably certain the renewal will be exercised. Lease expense is recognized on a straight-line basis over the lease term. Variable lease payments are included in expense in the period in which the obligation is incurred. NASBA has elected the practical expedient to not separate lease from non-lease components. Leases are discussed more fully in Note 9.

#### 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, 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 12.

#### Revenue recognition

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, represent 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.

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

**Note 2. Significant Accounting Policies (Continued)**

**Revenue recognition**

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 represents 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.

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 2023:

(In thousands)	Revenue from contracts with customers	Other sources of revenue
Examination, licensing and related services	\$ 37,092	\$ -
Member services, dues and other revenue	1,121	132
<b>Total Revenue</b>	<b>\$ 38,213</b>	<b>\$ 132</b>

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 2022:

(In thousands)	Revenue from contracts with customers	Other sources of revenue
Examination, licensing and related services	\$ 33,090	\$ -
Member services, dues and other revenue	963	136
<b>Total Revenue</b>	<b>\$ 34,053</b>	<b>\$ 136</b>

Total revenue from contracts with customers recognized over time was \$37,028,000 and \$32,891,000 for fiscal 2023 and 2022, respectively. Total revenue from contracts with customers recognized at a point in time was \$1,185,000 and \$1,162,000 for fiscal 2023 and 2022, 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 CPT substantially meets the condition.

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 \$100,000, \$197,000 and \$200,000 at July 31, 2023, July 31, 2022 and August 1, 2021, 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 \$3,423,000, \$2,247,000 and \$2,258,000 at July 31, 2023, July 31, 2022 and August 1, 2021, 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 16.

**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.

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

**Note 3. Contributions Receivable**

Contributions receivable, consisting of pledges to CPT, at July 31, 2023 and 2022 total \$58,000 and \$27,000, 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.

**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, 2023 and 2022, 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, 2023 is as follows:

(In thousands)	Level 1	Level 2	Total
Assets in the Fair Value Hierarchy:			
Mutual Funds			
Equity securities	\$ 11,900	\$ -	\$ 11,900
Fixed income securities	1,999	-	1,999
Diversified investments	964	-	964
Money market	718	-	718
Total mutual funds	15,581	-	15,581
Exchange-traded Funds			
Equity securities	4,871	-	4,871
Total exchange-traded funds	4,871	-	4,871
Separately Managed Accounts			
Equity securities	4,987	-	4,987
Fixed income securities	861	-	861
Total separately managed accounts	5,848	-	5,848
U.S. Government and Other Debt Obligations			
Certificates of deposit	-	1,412	1,412
Treasury securities	-	5,337	5,337
Federal agency securities	-	2,737	2,737
Corporate bonds	-	8,897	8,897
Total U.S. government and other debt obligations	-	18,383	18,383
Managed Pool Accounts			
Diversified investments	-	984	984
Total managed pool accounts	-	984	984
Total assets in fair value hierarchy	\$ 26,300	\$ 19,367	45,667
Investments measured at NAV as a practical expedient:			
Diversified investments			6,275
Total Investment Securities			\$ 51,942

**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, 2022 is as follows:

(In thousands)	Level 1	Level 2	Total
Assets in the Fair Value Hierarchy:			
Mutual Funds			
Equity securities	\$ 10,637	\$ -	\$ 10,637
Fixed income securities	1,691	-	1,691
Diversified investments	793	-	793
Money market	615	-	615
Total mutual funds	13,736	-	13,736
Exchange-traded Funds			
Equity securities	4,576	-	4,576
Total exchange-traded funds	4,576	-	4,576
Separately Managed Accounts			
Equity securities	4,573	-	4,573
Fixed income securities	896	-	896
Total separately managed accounts	5,469	-	5,469
U.S. Government and Other Debt Obligations			
Certificates of deposit	-	1,886	1,886
Treasury securities	-	3,733	3,733
Federal agency securities	-	3,365	3,365
Corporate bonds	-	8,556	8,556
Total U.S. government and other debt obligations	-	17,540	17,540
Managed Pool Accounts			
Diversified investments	-	1,011	1,011
Total managed pool accounts	-	1,011	1,011
Total assets in fair value hierarchy	\$ 23,781	\$ 18,551	42,332
Investments measured at NAV as a practical expedient:			
Diversified investments			5,629
Total Investment Securities			\$ 47,961

NASBA has three investment funds which are measured at NAV as a practical expedient totaling \$460,000 and \$508,000 at July 31, 2023 and 2022, respectively. These funds 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 seven years from the end of fiscal 2023. These funds had a total commitment of \$750,000 in which the commitment period has ended. However, additional contributions may be required at the discretion of the investment manager up to the total commitment during the distribution period.

In addition, four other investments measured at NAV as a practical expedient totaling \$5,815,000 and \$5,121,000 at July 31, 2023 and 2022, respectively, were invested with investment companies in which redemption is typically either permitted on a quarterly or monthly basis. 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, ROU assets 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 2023 and 2022, 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.

The fair value of investment securities in CPT's endowment fund at July 31, 2023 and 2022 is \$153,000 and \$140,000, respectively. The securities are Level 1 mutual funds and exchange-traded funds. They are included in other assets in the consolidated statements of financial position.

**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)	2023	2022
Cash and cash equivalents	\$ 18,823	\$ 17,856
Receivables	2,059	1,367
Investment securities, at fair value	51,942	47,961
Investment in affiliate	884	884
Endowment fund (included in other assets)	153	140
<b>Total financial assets</b>	<b>73,861</b>	<b>68,208</b>
Investment securities with liquidity horizons greater than one year	(460)	(508)
Investment in affiliate	(884)	(884)
Donor-imposed restrictions on CPT financial assets	(378)	(312)
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 72,139</b>	<b>\$ 66,504</b>

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, \$21,961,000 and \$20,742,000 of long-term investment securities at July 31, 2023 and 2022, respectively, are invested in lower risk fixed income and money market securities. In addition, \$29,521,000 and \$26,711,000 are invested in securities which could be liquidated within one year at July 31, 2023 and 2022, 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 \$460,000 and \$508,000 at July 31, 2023 and 2022, respectively, is invested in securities with redemption limitations.

**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 or observable price changes were deemed present and no adjustment to the carrying value was made in fiscal 2023 or 2022.

**Note 7. Property and Equipment**

Property and equipment at July 31 consists of the following:

(In thousands)	2023	2022
Office and computer equipment	\$ 2,447	\$ 2,416
Furniture	1,876	1,876
Building and leasehold improvements	4,402	4,402
<b>Total Property and Equipment</b>	<b>8,725</b>	<b>8,694</b>
Accumulated depreciation and amortization	(5,617)	(5,058)
<b>Net Property and Equipment</b>	<b>\$ 3,108</b>	<b>\$ 3,636</b>





**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, 2023 is as follows in thousands:

Fiscal 2024	\$	1,010
Fiscal 2025		994
Fiscal 2026		945
Fiscal 2027		945
Fiscal 2028		910

NASBA also has unamortized in-progress software development costs of \$7,733,000 that were capitalized at July 31, 2023. The software development projects to which these costs relate are anticipated to be completed during fiscal 2024. The expected annual amortization expense of the in-progress software development costs after completion is approximately \$1,200,000.

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 subscription 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)	2023	2022
Capitalized implementation costs	\$ 100	\$ 114
Cumulative amount expensed	(87)	(76)
<b>Net Capitalized Implementation Cost</b>	<b>\$ 13</b>	<b>\$ 38</b>

**Note 9. Leases**

NASBA has leases for office space in New York, Nashville and Guam under operating leases. The lease agreements require NASBA to pay for operating expenses and property taxes, which are variable amounts based on actual costs incurred during each calendar year. Variable costs are not included in the determination of the ROU assets or lease liabilities.

The New York office lease ends in October 2023. The Nashville office space lease ends in January 2028. NASBA has the option to renew this lease for two five-year terms at the end of each current lease term. During fiscal 2023, an option to extend the Guam office space lease through December 2024 was exercised. NASBA has an option to renew this lease for one additional two-year term. The future lease renewal options for Nashville and Guam are not included in the lease term.

Lease expense from operating leases was \$1,779,000 in fiscal 2023, including \$268,000 of variable lease costs.

The weighted-average lease terms and discount rates for the operating leases are 4.41 years and 2.65%, respectively, for fiscal 2023.

Lease liability maturities under the office space leases as of July 31, 2023 are as follows in thousands:

Fiscal 2024	\$	1,694
Fiscal 2025		1,629
Fiscal 2026		1,634
Fiscal 2027		1,683
Fiscal 2028		865
Total lease payments		7,505
Less imputed interest		437
<b>Total Lease Liability</b>	<b>\$</b>	<b>7,068</b>

Effective September 1, 2021, NASBA entered into a sublease agreement for its New York office space under an operating lease. The sublease will expire in October 2023. Sublease income from this operating lease was \$150,000 in fiscal 2023 and is included in occupancy expense in the consolidated statements of functional expenses. Total rental payments to be received in the future under the sublease are \$26,000.

During fiscal 2022, prior to the adoption of ASC 842, NASBA accounted for these leases under previous GAAP with no operating ROU assets or lease liabilities reflected on the consolidated statements of financial position. Net rent expense charged to operations for office space leases in fiscal 2022 totaled \$1,731,000. Rent expense for fiscal 2022 was reduced by \$137,000 for sublease income for the New York office space. In addition, NASBA accrued a loss of \$126,000 related to this sublease which is included in occupancy expense in the fiscal 2022 consolidated statements of functional expenses.

**Note 10. Paycheck Protection Program Loan**

On March 19, 2021, NASBA received an unsecured loan in the amount of \$1,938,000 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. On March 15, 2022, forgiveness of the loan was granted by the Small Business Administration. The total amount of the loan forgiveness of \$1,958,000 included as a gain in the fiscal 2022 consolidated statements of activities is the original principal amount of \$1,938,000 plus accrued interest of \$20,000.

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

**Note 11. Other Long-term Liabilities**

Other long-term liabilities at July 31 consist of the following:

(In thousands)	2023	2022
Accumulated postretirement benefit obligation	\$ 323	\$ 225
Accrued rent payable	-	1,288
Deferred rent credit	-	489
Security deposit	-	51
<b>Total Other Long-term Liabilities</b>	<b>\$ 323</b>	<b>\$ 2,053</b>

**Note 12. Net Assets with Donor Restrictions**

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

(In thousands)	2023	2022
Purpose-restricted	\$ 225	\$ 172
Endowment fund	153	140
<b>Total Net Assets with Donor Restrictions</b>	<b>\$ 378</b>	<b>\$ 312</b>

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, 2023 and 2022, respectively, are \$966,000 and \$854,000.

**Note 13. 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, 2023 and 2022, these escrow funds amounted to approximately \$24,000,000 and \$19,000,000, respectively. These funds are held in depository accounts and U.S. Treasury notes. At July 31, 2023, 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.

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

**Note 14. 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 \$668,000 and \$664,000 for fiscal 2023 and 2022, 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 sixty years. Eligibility is closed to future participants. At July 31, 2023 and 2022, the accumulated postretirement benefit obligation was determined by an independent actuarial valuation to be \$340,000 (\$323,000 noncurrent and \$17,000 current) and \$233,000 (\$225,000 noncurrent and \$8,000 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)	2023	2022
Components of net periodic cost:		
Service cost	\$ 10	\$ 13
Interest cost	8	6
Actuarial (gain) loss	89	(124)
Net periodic cost (credit)	107	(105)
Plan participants' contributions	-	8
Benefits paid	-	(17)
Net change in benefit obligation	107	(114)
Benefit obligation at beginning of year	233	347
Benefit Obligation at End of Year	\$ 340	\$ 233

The discount rate used to value the obligation was 4.76% in fiscal 2023 and 3.58% in fiscal 2022. The assumed medical trend rate is 6.25% graded down to 5.20% over a period of 2 years and the assumed dental trend rate is 4.0% per annum. The actuarial loss of \$89,000 in fiscal 2023 is the result of the increase in the discount rate, a change in the health care cost trend rate, and differences in expected versus actual experience.

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. There were no employer

contributions in fiscal 2023. Employer contributions were \$9,000 in fiscal 2022. The following table shows approximate actuarial projections of expected future postretirement benefit payments in thousands:

Fiscal 2024	\$ 17
Fiscal 2025	30
Fiscal 2026	29
Fiscal 2027	39
Fiscal 2028	49
Fiscal 2029 through 2033	168

**Note 15. Commitments**

In fiscal 2019, 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. During fiscal 2023, NASBA entered into an additional Statement of Work under the IT Agreement to add information technology security services to the other services performed by the vendor. Absent the exercise of certain termination options that NASBA has, the aggregate contractual payments would be \$27,995,000 (including cost of living adjustments) over the term of the IT Agreement and related Statement of Work.

In August 2022, NASBA renewed a commitment for information technology hosting services. The remaining commitment at July 31, 2023 is \$1,256,000. In addition, NASBA has other commitments for subscription services. The total remaining commitment for these other services is \$403,000 at July 31, 2023.

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 16. 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)	2023	2022
Statutory federal income tax benefit	\$ (13)	\$ (12)
State income taxes	(4)	(4)
Other	(2)	-
Change in valuation allowance	19	16
<b>Income Tax Benefit</b>	<b>\$ -</b>	<b>\$ -</b>

The deferred income tax asset consists of the following:

(In thousands)	2023	2022
Deferred income tax asset	\$ 388	\$ 369
Valuation allowance	(388)	(369)
<b>Net Deferrred Income Tax Asset</b>	<b>\$ -</b>	<b>\$ -</b>

At July 31, 2023, Aequo had federal and state net operating loss carryforwards of \$1,401,000. 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, no liability is recognized for taxes, interest or penalties related to uncertain tax positions at July 31, 2023 and 2022. 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 2020.

**Note 17. Subsequent Events**

Management has evaluated all material events and transactions that occurred from July 31, 2023 through September 21, 2023, which is the date that the consolidated financial statements were available to be issued. There were no significant subsequent events that required adjustments to or disclosure in the consolidated financial statements.



## THANK YOU, MICHAEL BRYANT

As 2023 comes to a close, NASBA would like to pay tribute to senior vice president and chief financial officer Michael R. Bryant, CPA, who will retire as CFO on October 31, 2023, and continue his senior vice president role through December 31, 2023. Michael's career at NASBA began on January 22, 1997, as controller. He was promoted to director, financial reporting and accounting, in 2002, and promoted to CFO in 2007. In 2012, Michael was named senior vice president and CFO. Throughout his 26-year tenure, Michael has led the Finance Department in a spirit of integrity and excellence, keeping accuracy and a strategic mindset in the forefront of the fiscal management and reporting of the Association and its subsidiaries. Along with his fiscal responsibilities, Michael was also instrumental in facilitating the renovation of NASBA's Nashville headquarters, evolving the office into a more modern, tech-savvy and collaborative workspace for NASBA staff, member boards and partnering organizations to use and enjoy. Michael has worked tirelessly alongside fellow executive team members and others to ensure the company's strategies are executed successfully and its mission of supporting Boards of Accountancy is fulfilled. Michael, your NASBA Family wishes you all the best in your retirement.



**Michael R. Bryant, CPA**  
NASBA SVP & CFO

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# 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](http://www.nasba.org)

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Editor-in-Chief: Ken L. Bishop  
Senior Editor: Cassandra A. Gray  
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