

# NASBA REBOUND

2022 Annual Report



# NASBA

# REB UND

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 665,600 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 the 2021 Letter from NASBA Leadership was drafted, we had recently made the difficult decision to transition the 2021 NASBA Annual Meeting to a virtual format because of the continued challenges presented by the COVID-19 pandemic. When considering a theme for the Annual Meeting and annual report, we opted to scrap the title of “Rebound” and facetiously explored changing the title to “Resurgence.”

In some ways, that time, and those decisions, seem like a long time ago. At last year’s Annual, we stated that our intent was to return to face-to-face meetings and conferences. We were able to achieve that goal, albeit with the requirement that all attendees were vaccinated. This year’s NASBA Annual Meeting will be the last with that mandate. COVID-19 is not gone, but it is better understood and most of the U.S. population is vaccinated and/or have had COVID-19 and recovered. It is time to move forward, cautiously and safely as possible, and put most of the pandemic limitations behind us. This year, we have truly experienced a “rebound” and we are happy to use “Rebound” as the theme of this year’s annual report and 115th Annual Meeting. NASBA leadership is so pleased to have representatives from almost every state and territory registered to attend this first face-to-face Annual Meeting since 2019. There is no substitute for the interaction and collaboration that can only occur when we are together.

A common definition of “rebound” is “the bouncing back from a hard surface or place.” In NASBA’s 2022 fiscal year, we have significantly bounced back to pre-COVID mission activity. Some of the operational changes made during the past few years will likely be permanent, or at least will remain in effect for some period of time. Our decision to give staff the option to work remotely has proven to be remarkably successful. With the investment in technology, training and equipment, NASBA’s talented staff is providing the same high quality of service to our constituents as when working in the office. More importantly, NASBA’s investments and strategies have allowed us to continue to attract and maintain superior staffing.

We are pleased to report that we have accomplished another successful fiscal year. NASBA has not only been successful in maintaining and improving our services to state boards, but even with the decreasing volume of candidates and testing, we have managed to maintain a viable financial position. In fact, NASBA will end fiscal year 2022 with a record amount of organizational net assets. This ensures that NASBA will remain viable and able to provide the support and services to state boards as defined in our Mission.

A continued success this year has been in the development and momentum of the CPA Evolution initiative. The support received from state boards, state societies, and educators has been critical to implementation success. The impact for NASBA is material as it relates to our overall capacity, financial resources, and staff and volunteer commitment. Leadership is pleased to report that the initiative is progressing as planned with the expectation of an on-time delivery and implementation.

The declining number of accounting students and CPA Examination candidates has elevated CPA Pipeline to be one of our highest priorities. Demographic data and trends reporting clearly indicates the number of college admittance-aged youth will continue to decrease. This challenge is amplified by the fact that there has also been a decreasing percentage of high school students that plan to attend college. It is imperative to attract adequate numbers of the best and brightest students to join the accounting profession as CPAs. NASBA leadership has identified “pipeline” and having an adequate number of CPAs to maintain the integrity of the profession as a public protection issue. We are dedicating staff and resources to this endeavor.

The importance of diversity has remained in focus this year. We continued to explore new initiatives and have launched new programs through our Diversity Committee, our pipeline efforts, and through an effort to establish new NASBA Center for the Public Trust (CPT) student chapters on Historically Black College and University (HBCU) campuses. It is the goal of the CPT to increase the number of HBCU student chapters by six per year. The CPT grew to 50 StudentCPT chapters across the United States this year.

In 2022, the work done by NASBA’s volunteers through committees, task forces and outside appointments has been the foundation of the successes we have achieved this fiscal year. We recognize that state boards, like NASBA, have had to perform their responsibilities despite the obstacles related to the pandemic including remote work, virtual meetings and hearings, financial impact and loss of staff. NASBA leadership is proud of the dedication of our State Board of Accountancy members. We believe it is you who have made the U.S. state regulatory model one of the world’s strongest.



W. Michael Fritz, CPA  
Chair, 2021-2022



Ken L. Bishop  
President & Chief Executive Officer



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



## 2021-2022 BOARD OF DIRECTORS

### OFFICERS

W. Michael Fritz, CPA  
Chair

Richard N. Reisig, CPA  
Vice Chair

A. Carlos Barrera, CPA  
Past Chair

Tyrone E. Dickerson, CPA  
Treasurer

Stephanie M. Saunders, CPA  
Secretary

### EXECUTIVE DIRECTORS'

#### LIAISON

Kent Absec

### 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

Maria E. Caldwell, CPA  
Director-at-Large

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

Faye D. Miller, CPA  
Director-at-Large

Nicola Neilon, CPA  
Director-at-Large

Katrina Salazar, CPA  
Director-at-Large

### REGIONAL DIRECTORS

Alison L. Houck Andrew, CPA  
Middle-Atlantic Regional Director

Nancy J. Corrigan, CPA  
Pacific Regional Director

Larry Elmore, CPA  
Southeast Regional Director

Lynn V. Hutchinson, CPA, CGMA  
Southwest Regional Director

Stephen F. Langowski, CPA  
Northeast Regional Director

Jason D. Peery, CPA  
Mountain Regional Director

Michael Schmitz, CPA  
Central Regional Director

Kenya Y. Watts, CPA  
Great Lakes Regional Director



Alison L. Houck Andrew



Jimmy E. Burkes



Nancy J. Corrigan



John F. Dailey, Jr.

Front row, from left to right: Colleen K. Conrad, A. Carlos Barrera, Ken L. Bishop, W. Michael Fritz, Richard N. Reisig, J. Coalter Baker and Stephanie M. Saunders.

Middle row, from left to right: Faye D. Miller, Maria E. Caldwell, Kenya Y. Watts, Nicola Neilon, Lynn V. Hutchinson and Katrina Salazar.

Back row, from left to right: Michael R. Bryant, Tyrone E. Dickerson, Jason D. Peery, J. Andy Bonner, Kent Absec, Stephen F. Langowski and Larry Elmore.

## 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                                |
| Sandra Davidson, CPA .....     | Chief Financial Officer, NASBA Center for the Public Trust   |
| Daniel J. Dustin, CPA .....    | Vice President, State Board Relations                        |
| Cheryl Farrar .....            | Chief Information Officer                                    |
| Cassandra A. Gray .....        | Associate Director, Communications                           |
| Roy Hall .....                 | Chief Information Security Officer                           |
| Patricia Hartman .....         | Director, Client Services                                    |
| Julie James, CPA .....         | Associate Director, Risk and Compliance                      |
| John 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                          |
| Sheena Murphy, CPA .....       | Director, CPA Exam Review Board                              |
| James Polite .....             | Director, Program Management                                 |
| Amy Tongate .....              | Associate Director, CPE Services                             |
| Troy A. Walker, CPA .....      | Director, Finance and Controller                             |

# VOICES

## 2021 - 2022 NASBA REPRESENTATIVES

Serving on Regulatory Bodies & Professional Accounting Organizations

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

Barclay Bradshaw

### **AICPA Auditing Standards Board**

Tracy Harding (Chair)  
Michael Barton (2022)  
Sherry Chesser  
Jeanne Dee  
Horace Emery  
Clay Huffman  
Michael Schmitz (2022)

### **AICPA Board of Examiners**

Barry Berkowitz  
Allan Cohen  
James Corley  
Wendy Garvin (2022)  
James Gottfried  
Steve Grice  
Nicola Neilon  
Joshua Partlow  
Nadia Rogers (2022)  
Katrina Salazar (2022)  
Kathy Smith  
David Vaudt

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

Gerald Weinstein

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

Nancy J. Corrigan  
Paul Kelly, III  
Sara Mikuta  
Vikki Nunn  
Gerald Weinstein  
Brian Whitlock

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

James Gottfried (Chair)  
Katrina Salazar (Chair) (2022)  
Wendy Garvin  
Michael Guinigundo  
Angela Pannell  
Luis Plascencia (2022)  
Sheri Risler  
Viki Windfeldt  
Jennifer Winters  
Paul Ziga (2022)

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

Elizabeth Gantnier (2022)  
James Gero  
Mark Hobbs

### **AICPA Peer Review Board**

Elizabeth Gantnier  
Charles Prince (2022)

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

William Hunter Cook (Observer)

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

Catherine R. Allen  
J. Andy Bonner (2022)  
Sharon Jensen  
Stephanie Saunders  
Dan Vuckovich  
Lawrence Wojcik  
Michael Womble (2022)

### **Financial Accounting Foundation**

Richard N. Reisig

### **IAASB Consultative Advisory Group**

Gaylen Hansen

### **IESBA Consultative Advisory Group**

Gaylen Hansen (Chair)

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

Diane Rubin

### **CPA EVOLUTION MOMENTUM**

#### **Transition Policy Task Force**

Kent Absec  
Boyd Busby  
Nancy J. Corrigan  
James Gottfried  
Nicole Kasin  
David Nance  
John Patterson

# 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 2021-22.

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  
Regulatory Response Committee  
Relations with Member Boards Committee  
Standard-Setting and Professional Trends  
Advisory Committee  
State Society Relations Committee  
Uniform Accountancy Act Committee

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## Administration and Finance Committee

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

The Administration and Finance Committee monitors and provides oversight of the fiscal operations of NASBA and its subsidiaries. The 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 2022 operational and capital budgets, as approved by the Board of Directors, were discussed with management at quarterly meetings. Management's discussion and analysis provided comparisons to actual results for Fiscal 2022, and detailed explanations of any variances of significance in revenue and expense. The Committee also monitored the progress of Management's successful application for forgiveness of the Paycheck Protection Program funds. For capital expenditures, the Administration and Finance Committee reviewed management's expectations for the deployment of liquid assets for significant software development costs over the next few years.

### **Committee Members:**

Tyrone E. Dickerson (VA), Chair  
J. Andy Bonner, Jr. (TN)  
Jimmy E. Burkes (MS)  
Francisco A. Fernandez (PR)  
Thomas G. Prothro (TX)  
Richard N. Reisig (MT)  
Laurie A. Warwick (VA)

### **Staff Liaisons:**

Michael R. Bryant  
Troy A. Walker

The Investment Committee, a subcommittee of the Administration and Finance Committee, holds 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.



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## Audit Committee

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

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

### **Committee Members:**

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

### **Staff Liaisons:**

Michael R. Bryant  
Troy A. Walker

## Awards Committee



Donald H. Burkett



John F. Dailey, Jr.



Patti Bowers

*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 2022 Call for Award Nominations April 20 through June 30, 2022. The Committee met on July 14, 2022, via Zoom, to discuss the slate of nominees and to make recommendations to the NASBA Board of Directors for the William H. Van Rensselaer Public Service Award, the NASBA Distinguished Service Award and the Lorraine P. Sachs Standard of Excellence Award.

The NASBA Board of Directors approved the Committee's recommendations during its July 2022 meeting. NASBA will recognize the following 2022 award recipients during its 115th Annual Meeting, October 30 – November 2, 2022, in San Diego, CA.

- Donald H. Burkett (SC) – 2022 William H. Van Rensselaer Public Service Award Recipient
- John F. Dailey, Jr. (NJ) – 2022 NASBA Distinguished Service Award Recipient (posthumously)
- Patti Bowers (CA) – 2022 Lorraine P. Sachs Standard of Excellence Award Recipient

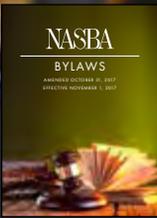
The Committee appreciates the continued participation and support received from member Boards of Accountancy and the NASBA Board of Directors.

### Committee Members:

Laurie J. Tish (WA), Chair  
Dawn M. Carlson (IL)  
Walter C. Davenport (NC)  
James G. Kelley (IL)  
Randall A. Ross (OK)  
Willie B. Sims, Jr. (MS)  
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 three times in 2021-22 and approved several sections to be amended. The first proposed amendment includes a change in Section 7.1.2 to clarify that no member of the Nominating Committee may be eligible for election to the Board of Directors during "the one-year cooling off period" as set forth in section 7.1.4. A proposed change to Section 8.6.1 clarifies the responsibilities of the CPA Examination Review Board ("ERB") when it comes to the Uniform CPA Examination; and the deletion of Section 8.6.2 would revert the appointments of those who serve on the ERB to the Chair of the Association – consistent with all committee appointments. The proposed amendments were approved by the NASBA Board of Directors for submission to the membership at the 2022 NASBA Annual Business Meeting.

### Committee Members:

Jimmy E. Burkes (MS), Chair  
Deidre N. Budahl (SD)  
Jon W. Cain (WV)  
Dawn M. Carlson (IL)  
Bobby R. Creech, Jr. (SC)  
Thomas J. Homer (IL)  
Larry Hunter (ID)  
Theodore W. Long, Jr. (OH)

### Staff Liaison:

John W. Johnson

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## CBT Administration Committee

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

The Committee met virtually several times this year to address issues impacting the CPA Exam.

On December 7, 2021, discussions included CPA Evolution timelines and updating NASBA's systems. The Committee approved moving forward with piloting Prometric's new Remote Monitor Assistance (RMA) program with an implementation targeted for summer 2022. The RMA program utilizes a remote Test Center Administration (TCA) to observe and support a testing lab per Prometric's standard operating procedures.

On February 9 and 15, 2022, the Committee met with representatives from the AICPA to discuss the structural changes to the CPA Exam.

On March 2, 2022, the Committee met with the AICPA and the Executive Directors Committee to review key dates in 2023 and 2024 and the impact these dates would have on candidates.

On March 23, 2022, the Committee met jointly with the Executive Directors Committee to review and approve the recommendation for the CBT Evolution Transition Policy regarding candidates with Exam credit as of January 1, 2024.

The Committee drafted changes to the UAA Model Rules 5-7 to be submitted to the UAA Committee during their July 2, 2022 meeting. Based on anticipated score delays in 2024, it is being recommended that state boards change the date they base the credit calculation on to the score release date rather than the date of attendance.

On August 2, 2022, the group discussed Prometric's proposed internal policy on the acceptance of digital government-issued IDs. Prometric will be providing more detail later.

NASBA is tracking jurisdictions' acceptance for the recommended Credit Transition Policy. It was agreed

#### **Committee Members:**

Nancy J. Corrigan (CA), Chair  
Barry M. Berkowitz (PA)  
Pamela Church (TN)  
James Gottfried (OH)  
Cynthia Harmon (ID)  
Nicole Kasin (SD)  
Leslie A. Mostow (MD)  
David R. Nance (NC)  
Michael R. Putich (SC)  
David Sanford (GU)  
Craig F. Smith (GA)  
Susan L. Somers (KS)

#### **Staff Liaisons:**

Patricia Hartman  
James Polite

there was a need to have universal language for use on the Notice to Schedule (NTS), *Candidate Bulletin*, and websites regarding expiring all Business, Environment and Concepts (BEC) NTSs by the last day of testing in 2023, regardless of the length of the NTS. During the meeting on August 31, 2022, the Committee approved the universal language to be used on the BEC NTSs, websites, etc.

#### **Universal Language:**

*"All testing for the BEC section ends on 12/15/2023, with no exceptions. Your NTS is valid for \_\_\_\_\_ months from the date of issuance, with the exception of the BEC section."*

The language will be added to the NTS with effective dates based on the length of the NTS. Two states, North Dakota and Virginia, still have a one year NTS and California has a nine month NTS.

The next step for the Committee is to develop a recommendation on how to address candidates who begin earning credit in 2024 and the impact that the testing and scoring timelines will have on these candidates.



## Communications Committee



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

Throughout the 2021-22 year, members of NASBA's Communications Committee continued to monitor emerging communication trends, assess the communication needs and challenges impacting State Boards of Accountancy, and promote services offered through NASBA's Communications & Outreach program for Boards of Accountancy.

Through the program, NASBA's Communications Department collaborates with state boards to produce a variety of creative collateral on their behalf. Creative services include the production and distribution of mass email communications, digital newsletters, infographics, annual reports and brochures, social media communications and informational videos. A total of 45 state boards are currently benefitting from the program, which in turn has helped them to broaden awareness and provide greater outreach to licensees, aspiring CPAs, and the public.

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

### Committee Members:

Faye D. Miller (ND), Chair  
 Phillip Austin (IL)  
 Todd Dailey (SC)  
 Amanda Guanzini (MN)  
 Mandy Harlow (ND)  
 Jeannette P. Smith (TX)  
 Susan M. Strautmman (WI)  
 Gerald Weinstein (OH)  
 Brian Whitlock (IL)  
 Walda Wildman (SC)  
 Barrett E. Young, III (MD)  
 Tiffany Young (AZ)

### Staff Liaisons:

Cassandra A. Gray  
 Thomas G. Kenny

# 187

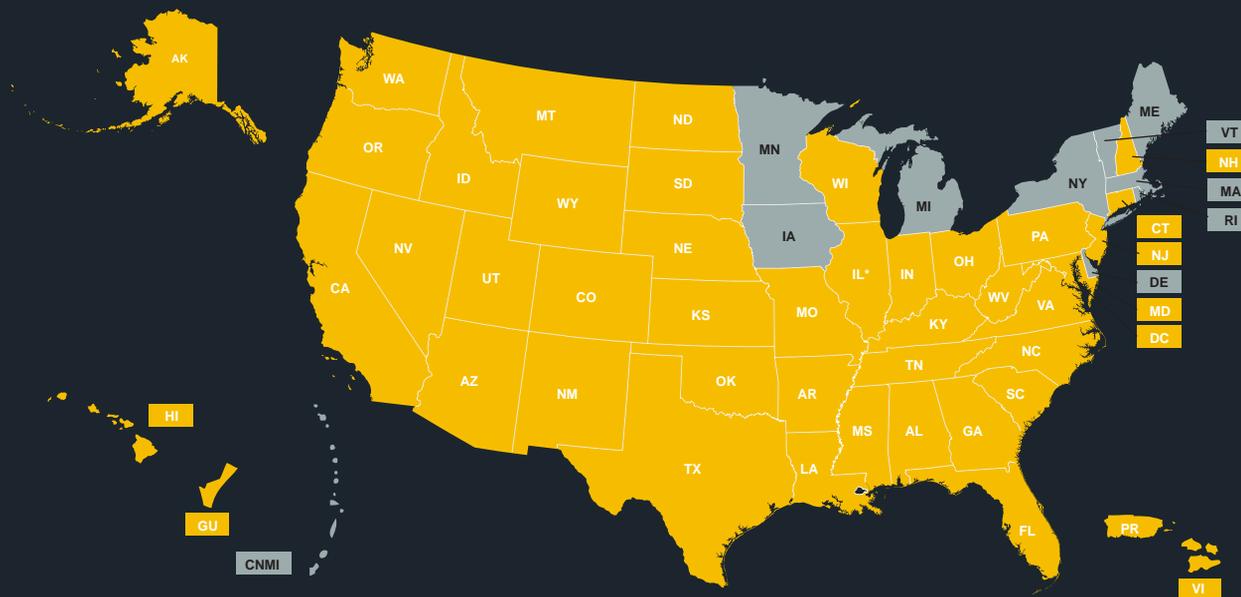
Total Number of Emails Sent by NASBA on Behalf of the State Boards

# 56%

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

# 45

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



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

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## Continuing Professional Education (CPE) Committee

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

The Committee continued its work on the ongoing project to encourage the remaining jurisdictions to consider adoption of nano and blended learning delivery methods. During May 2022, a small task force of the Committee reached out directly to the executive director of each of the remaining Boards of Accountancy to determine the status of acceptance of the delivery methods.

In May 2022, the CPE Standards Working Group met and began the review and evaluation of the Statement on Standards for Continuing Professional Education (CPE) Programs (*Standards*) and the Fields of Study document. In addition to reviewing the Standards in their entirety, the Working Group considered trends and techniques in CPE and adult learning as well as ideas and suggestions related to clarifications and modifications of the 2019 *Standards*.

The Working Group finalized its recommendation and NASBA's CPE Committee approved the recommendation. The recommendation was then considered and approved by the Joint AICPA/NASBA CPE Standards Committee. Approval by the respective AICPA and NASBA Boards of Directors is the next step to release the proposed revisions as an Exposure Draft for public comment.

The National Registry Summit was offered in-person and virtually September 20-21, 2022, in Nashville, TN. The purpose of the National Registry Summit is to provide Registry sponsors with information on trends and emerging technologies in learning, and information and resources to assist in the implementation of the Standards in an environment that encourages sharing and networking.

**Committee Members:**  
Katrina Salazar (CA), Chair  
Michael D. Armstrong, Jr. (ID)  
Jimmy Bell (ID)  
William R. Brown (VA)  
Andrew Cohen (NY)  
Amanda Gavin (IL)  
Dale Gettelfinger (IN)  
Lance Johnson (AK)  
Willie B. Sims, Jr. (MS)  
Brian R. Thomas (WA)  
Shane Warrick (AR)

**Staff Liaisons:**  
Jessica Luttrull  
Amy Tongate

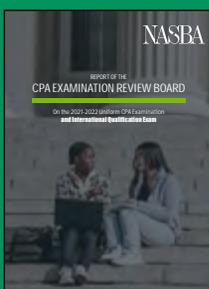


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## CPA Examination Review Board

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



The CPA Examination Review board (ERB) 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 through September 30, 2022. The ERB's review and 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 issued its annual report to the Boards of Accountancy of the 55 U.S. jurisdictions at the NASBA Annual Meeting in November 2022 for the work performed during the year. The ERB stated the results of the current 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  
C. Jack Emmons (NM), Vice Chair  
Doug Skiles (NE), Past Chair  
Dolly Lalvani (PA)  
Faye Miller (ND)  
A. Carlos Barrera (TX)

**Consultant:**  
Suzanne Lane

**Staff Liaison:**  
Sheena Murphy



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## Diversity Committee

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

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

This summer, the Committee helped educate the NASBA membership through a summary version of a presentation NASBA has available for BOAs and other partners in the profession. The presentation titled, *Diversity, Equity & Inclusion in the Workplace: WHY BOAs Should Care*, was well received by membership.

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

To assist with building the diversity of the CPA candidate pipeline, the Committee partnered with the NASBA Center for the Public Trust's HBCU Initiative. Through this program, more exposure to the accounting profession will be brought to HBCUs across the country. Currently, the initiative has led to the startup of StudentCPT chapters on three new campuses through this work, with six more campuses in the pipeline to start this academic year.

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:

Alison L. Houck Andrew (DE), Chair  
Roseann Abraham (IL)  
Rick Arpin (NV)  
Michael Barton (IN)  
Martrice Caldwell (IL)  
Manuel Cavazos, IV (TX)  
Nikki Etherington (NV)  
Bridgett Gagne (DC)  
Tanya G. Greenlee (SC)  
Delbert Madison (AL)  
Maria de J. Prado (IL)

### 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.*

In January, the Committee held a webinar focused on academia and the CPA Evolution initiative. The event provided a platform for the Boards of Accountancy to share their thoughts and ideas on several topics in education.

During February, the Committee met to discuss possible follow-up activities related to the January webinar and to establish a task force to review education research grant proposals. The Committee also discussed recent Board of Accountancy inquiries about concierge-type education services being offered to candidates when obtaining the required 150 semester credit hours for licensure.

In June, Committee Chair Jason Peery and Committee Member Richard Silverman provided an update during the NASBA Regional Meetings to inform Boards of Accountancy on the topic of concierge-type organizations.

The academic research grant task force reviewed grant proposal submissions for the 2022-2023 grant year. In July, the Education Committee discussed and agreed with the task force's recommendation and the NASBA Board of Directors unanimously approved the Committee's recommendation at its July 2022 meeting. Since its inception in 2011, the Accounting Education Research Grant program has awarded more than \$170,000 in total grants to 41 U.S. colleges and universities.

### Committee Members:

Jason D. Peery (ID), Chair  
Margaret Combs (KY)  
Susan Quaintance Ferguson (VA)  
Renee Forshee (TX)  
Russ Friedewald (IL)  
Steve Grice (AL)  
Rachel Hanks (AK)  
Carlos E. Johnson (OK)  
Vikki G. Nunn (WY)  
Simon Petravick (IL)  
Luis Plascencia (IL)  
Nadia Rogers (VA)  
Richard S. Silverman (NH)

### Staff Liaison:

Daniel J. Dustin

## Enforcement Resources Committee

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

In March 2022, the Enforcement Resources Committee (ERC) completed an update of the *Enforcement Resources Guide*. The updated guide was included in the June New Board Member Orientations, has been incorporated into the NASBA University (NASBA U) materials and is available on the Enforcement Tools page of the NASBA website.

In May 2022, the ERC met in Nashville to outline the following projects in the enforcement area:

### Enforcement Focused Training Webinars for New EDs

The ERC has created a four-part webinar detailed training series at the request of state board executive directors (EDs). The Enforcement Webinar Training dates are September 29, October 5, October 12, and November 29, 2022. Topics include: Investigations, NASBA's Enforcement Resource Tools, Open Records Act, Administrative Hearings, Executive Director Panel, Investigator Panel, CPA Disciplinary Cases, CPT Ethical Leadership Training Course, and the Administrative Process for boards.

### Disciplinary Data Project

The ERC plans to ask board EDs to complete 3-4 questions regarding disciplinary decisions during the past four years. The answers will be used to generate ideas for the development of new enforcement resources.

### Newsletter

The ERC issued an *Enforcement Newsletter* in September 2022. Articles included: SEC ESG Regulations, ALD Updates, NASBA Center

### Committee Members:

Lynn V. Hutchinson (LA), Chair  
Ellen K. Adkins (SC)  
Louis J. Costanzo, III (WV)  
Patty Faenger (MO)  
John R. Helms (KS)  
Kristi A. Justice (WV)  
James R. Minert (MO)  
Eileen L. Poiani (NJ)  
Patrick M. Thorne (NV)

### Staff Liaison:

Elizabeth Wolfe

for the Public Trust's Ethical Leadership Training as Disciplinary Measure, and an Enforcement Rulemaking & Legislative Update.

### NASBA Center for the Public Trust's Ethics Course Promotion Efforts

The ERC promoted the CPT's Ethical Leadership Training Course by featuring the ethics course in an article of the *Enforcement Newsletter*. The ethics course is also included as a topic of the Enforcement Training Webinar for executive directors.

### Expert Witness and Investigator Pools

The ERC promoted the use of and recruitment for the Expert Witness and Investigator Pools in the *Enforcement Newsletter* and in the Enforcement Tools presentation of the Enforcement Training Webinar series.



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## Ethics Committee

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

The Committee held a joint meeting with NASBA's Regulatory Response Committee (RRC) during January. The focus of the meeting was to discuss the AICPA Professional Ethics Executive Committee's (PEEC) exposure draft: *Proposed Revised Interpretations and Definition Loans, Acquisitions, and Other Transactions*. NASBA's comment letter on the proposed interpretation was issued in February 2022.

The Committee met again in April to discuss the International Ethics Standards Board for Accountants (IESBA) exposure draft: *Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits*. A draft comment letter was forwarded to the RRC for review and discussion. NASBA's comment letter on the proposed revisions was issued in May 2022.

In May, the Committee met to discuss an IESBA exposure draft: *Technology-related Revisions to the Code*. NASBA's comment letter on the proposed interpretation was issued the following month.

The Committee met again in June to discuss an AICPA PEEC exposure draft: *Proposed Revisions Related to Officers, Directors, and Beneficial Owners*. The exposure draft focused on updating three additional interpretations following a 2021 adoption of revised interpretations and definition of loans, acquisitions, and other transactions. NASBA's comment letter was issued in July 2022.

In July, the Committee met to discuss an AICPA PEEC exposure draft: *Proposed New and Revised Definitions and Interpretations Compliance Audits*. NASBA's comment letter on the exposure draft was issued in August 2022.

At the close of the committee year, Committee members continue to monitor the activities of various standard setting bodies including the IESBA and PEEC for activity related to professional ethics standards.

### Committee Members:

J. Coalter Baker (TX), Chair  
Angela L. Avant (DC)  
Paul Balas (MI)  
Frederick G. Briggs, Jr. (NH)  
Donald H. Burkett (SC)  
Gerald E. Denor (WI)  
Jennifer H. Elder (NH)  
Robert F. Fay (OH)  
G. Gregory Gilbert (TN)  
James F. Gillespie (KS)  
Toni Hackwith (ID)  
Steven M. Platau (FL)  
Leslie Schmitz (AK)  
Lawrence A. Wojcik (IL)

### Staff Liaison:

Daniel J. Dustin



## Executive Directors Committee

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

The Executive Directors (ED) Committee is comprised of executive directors from each of NASBA's eight regions and aided by NASBA liaisons.

The Committee convened the 40th Annual Conference for Executive Directors and Board Staff in conjunction with the 27th Annual Conference for Board of Accountancy Legal Counsel. The conferences were held in-person in Clearwater, FL. EDs were also joined by State CPA Society executives for the event. Topics included but were not limited to, discussions on the CPA Exam and Pipeline, the History of 150 Hours for Licensure, Principal Place of Business, Legislative Actions, and a panel on State Board and Society Collaboration.

The Committee was also extremely active throughout the year on topics such as CPA Evolution, including working together with the CBT Administration Committee to craft and approve a transition policy that all jurisdictions can adopt for Exam candidates who will have Exam credits on January 1, 2024. As the launch of the new Exam approaches, expect EDs to again be involved with the CBT Administration Committee to examine how to handle anticipated

delays in score reporting for those earning credit in 2024. The Committee also continued to monitor and provide feedback to another subcommittee it commissioned in 2021, which were tasked with looking at the Accountancy Licensee Database (ALD). The charge of the subcommittee is to determine how information currently being provided by state boards can be strengthened; and how state boards can increasingly leverage the tool. Finally, the Committee continued hosting monthly calls where EDs gather to listen and learn from each other on various topics of importance.

The Committee would like to thank NASBA for the opportunity to have a voice that is heard on matters of relevancy to executive directors and state boards.

### **Committee Members:**

Kent Absec (ID), Chair  
Lisa Benefield (LA)  
D. Boyd Busby (AL)  
Nancy Glynn (VA)  
John E. Patterson (OH)  
Dan Sweetwood (NE)  
Andy L. Wright (MS)

### **Staff Liaisons:**

Daniel J. Dustin  
Patricia Hartman



## International Qualifications Appraisal Board

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

Chair Sharon A. Jensen held virtual International Qualifications Appraisal Board (IQAB) meetings on January 22, 2022, and April 21, 2022. Among the topics discussed during the January meeting were the future Mutual Recognition Agreement (MRA) with CPA Ireland and the appointment of Martin Fennema, Kelly Ulto, and William Treacy to a task force to review the REG blueprints for future IQEX Exam use.

Among the topics discussed during the April meeting were MRA extensions vs. renewals for several partners and the idea of moving the MRAs away from the entry level model toward a model more suitable for experienced candidates. A concept summary draft was presented during the meeting, which included two potential pathways to research. Ms. Jensen assembled a task force consisting of Telford A. Lodden, William Treacy, Martin G. Fennema, and Kelly Ulto to research the new model concepts. IQAB Committee members also

discussed presenting a session on the role of IQAB and MRA development at the next NASBA Annual Conference for Executive Directors and Board Staff in spring 2023.

Following the task force's review of the REG blueprints, the Committee agreed to continue using the REG section of the CPA Examination for the IQEX Examination.

On May 31, 2022, leaders representing NASBA, the AICPA and CPA Ireland met in New York to sign a Mutual Recognition Agreement, which provides an abbreviated qualification pathway for eligible accounting professionals in the U.S. and Ireland to practice in the partner countries.

The IQAB has planned an in-person meeting for October 18, 2022.

### Committee Members:

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

### Staff Liaisons:

Kyle Barrier  
Patricia Hartman



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## Legislative Support Committee

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

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 2022 legislative session, of the 1,631 bills monitored, 83 of those bills were filed in 2021 that rolled over to 2022, 498 had a direct impact on the regulation of the accounting profession – which included 196 anti-regulation pieces of legislation.

**Committee Members:**

John F. Dailey, Jr. (NJ), Chair  
J. Andy Bonner, Jr. (TN), Acceded Chair  
Kevin Collins (CO)  
Joseph S. Drew (DC)  
Robert E. Dubberly (AZ)  
Brendan P. Fitzgerald (OH)  
Margaret Ann Gilmore (OH)  
Nick Myers (MO)  
Joseph Petito (MD)  
Emily R. Rollins (WA)  
Randall A. Ross (OK)

**Staff Liaison:**

John W. Johnson

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.

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).

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.

## Nominating Committee

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

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

The 2021-2022 Nominating Committee has nominated the following officers and directors to be voted on by the member boards at the 115th NASBA Annual Business Meeting on November 1, 2022, in San Diego, CA.

|   |
|---|
| Vice Chair: Stephanie M. Saunders (VA - Associate)  |
| Directors-at-Large (three-year term):   |
| Katrina Salazar (CA - Delegate)   |
| Kenya Watts (OH - Delegate)   |
| Stephen Langowski (NY - Delegate)   |
| Regional Directors (one-year term), a Regional Director may serve three one-year terms:   |
| Michael Schmitz (Central Region: ND - Delegate)   |
| Gerald Weinstein (Great Lakes Region: OH - Delegate)  |
| Arthur Winstead (Middle Atlantic Region: NC - Delegate)   |
| Vikki Nunn (Mountain Region: WY - Delegate)   |
| Richard Silverman (Northeast Region: NH - Delegate)   |
| Nancy J. Corrigan (Pacific Region: CA - Delegate)   |
| Willie B. Sims, Jr. (Southeast Region: MS - Delegate)   |
| Lynn V. Hutchinson (Southwest Region: LA - Delegate)  |
| The following members will continue to serve for the balance of their unexpired terms. At large directors may serve two three-year terms. |
| Directors-at-Large (third year of three-year term):   |
| J. Coalter Baker (TX - Associate; 2nd term)   |
| Jimmy E. Burkes (MS - Associate; 2nd term)  |
| Nicola Neilon (NV - Associate; 1st term)  |
| Directors-at-Large (second year of three-year term):  |
| J. Andy Bonner (TN - Delegate; board appointment to fill Jack Dailey's term)  |
| Maria E. Caldwell (FL - Delegate; 2nd term)   |
| (vacancy - Stephanie M. Saunders' position)   |
| Richard N. Reisig (MT) – Mr. Reisig, 2021-22 Vice Chair, will accede to office of chair.  |
| W. Michael Fritz (OH) – Mr. Fritz, 2021-22 Chair, will accede to office of past chair upon the installation of Mr. Reisig as chair.       |

### Committee Members:

A. Carlos Barrera (TX), Chair

### Newly Elected Members &

#### Alternates:

Lori J. Druse (NE)

Central Region

Angela Avant (DC)

Middle Atlantic Region

Brian Thomas (WA)

Pacific Region

Michael Kintz (AL)

Southeast Region

Joseph Petito (MD)

Alternate Middle Atlantic Region

John R. Helms (KS)

Alternate Central Region

Clayton Huffman (GA)

Alternate Southeast Region

Michael Savoy (CA)

Alternate Pacific Region

Robin Byford (OK)

Alternate Southwest Region\*

### Continuing Members & Alternates:

Jim Gero (OH)

Great Lakes Region

Harry Parsons (NV)

Mountain Region

Bob Goldfarb (NY)

Northeast Region

Manuel Cavazos (TX)

Southwest Region\*

Dolly Lalvani (PA)

Alternate Great Lakes Region

Dan Vuckovich (MT)

Alternate Mountain Region

John Schuyler (CT)

Alternate Northeast Region

\*(R. Byford is filling the vacancy from M. Cavazos moving from alternate to member upon J. Taylor's resignation)

### Staff Liaisons:

Ken L. Bishop

Melissa Brennan

Anita Holt

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## Past Chair Advisory Council

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### Committee Members:

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

### Staff Liaison:

Colleen K. Conrad

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

The NASBA Past Chair Advisory Council convened virtually for the second year in its history prior to NASBA's virtual 2021 Annual Meeting. Operational, financial and professional updates were shared and trending topics were discussed.

The continued effect of COVID-19 on NASBA, state boards and the profession remained a hot topic. The uptick in cases due to new variants necessitated the continued shift to virtual for most meetings and conferences. President & CEO Ken L. Bishop discussed NASBA's decision to shift to a new flexible and work-from-home policy on an ongoing basis as an added incentive to retain employees in an extremely competitive environment. The NASBA staff had proven its ability to work efficiently and productively under such conditions throughout the COVID-19 shutdown.

NASBA 2021 Annual Reports containing the FYE July 2021 Financial Reports were sent to each meeting attendee prior to the meeting. The fact that this was the best financial year in history for NASBA was recognized, though anomalies in operations and the investment market were primarily responsible.

Executive Vice President & COO Colleen K. Conrad shared an update on the ongoing CPA Evolution project. She noted that a new Model Curriculum was shared widely with academia during the past year to allow educators to begin to shift coursework and curriculum to consider the new CPA Evolution licensure model.

The Council had deep dive discussions on multiple trending topics including pipeline concerns and related initiatives, recent focus on education requirements for the CPA Examination and licensure, and legislative trends at both the federal and state levels.

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.

Past Chair Mark P. Harris was recognized at the conclusion of the meeting for his much-deserved upcoming receipt of the NASBA William H. Van Rensselaer Public Service Award at the 2021 Annual Meeting.





## Peer Review Compliance Committee

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

In November 2021, the Committee held its annual joint meeting with the AICPA's Peer Review Board (PRB) Oversight Task Force (OTF). Attendees discussed a recent Peer Review Compliance Committee (PRCC) presentation at the 2021 NASBA Annual Meeting. There was also a general discussion among attendees about whether there is a measurable impact on peer review quality in jurisdictions with active Peer Review Oversight Committees (PROCs).

The group discussed the PRB's exposure draft on *Clarified Standards for Performing and Reporting on Peer Reviews* (Clarity Project). A summary of the 2020 Administering Entity (AE) benchmark trends report was provided to attendees. The benchmarks are designed to be qualitative, objective, and measurable criteria whose goal was to improve the quality and effectiveness of the administration of the peer review program.

Other topics included the U.S. Department of Labor's plans to conduct a review of employee benefit plan audits and the prospect of a significant increase in the number of Single Audits resulting from federal funding issued during the pandemic.

The Committee held a meeting in February 2022. During the meeting, the Committee discussed the status of its webpage redesign project and agreed to continue the webpage redesign task force during the current committee year. The Committee also heard an update on the PRB's Clarity Project, which culminated in the approval of revised peer review standards by the PRB in February 2022.

The Committee's webpage redesign task force met in March to discuss possible webpage updates. These changes included adding a link to the Uniform Accountancy Act and Model Rules, maintaining and expanding the Peer Review Oversight Report repository, updating the templates available to Boards of Accountancy on the webpage and possibly updating Peer Review Oversight Committee-related videos. The task force completed several updates during the current year and will continue its work into the fall of 2022.

### Committee Members:

Maria E. Caldwell (FL), Chair  
Sherry L. Chesser (AR)  
Wm. Hunter Cook (NC)  
Elizabeth Gantner (MD)  
Wendy S. Garvin (TN)  
James P. Gero (OH)  
Janice L. Gray (OK)  
Mark T. Hobbs (SC)  
Chas McElroy (MN)  
Thomas G. Neill (WA)  
Benjamin Pena (TX)  
Charles R. Prince (MS)  
Jay Tolsma (SD)  
Viki Windfeldt (NV)

### Staff Liaison:

Daniel J. Dustin



## Regulatory Response Committee

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

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

Committee Chair Stephen F. 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 was given the opportunity for a fatal flaw review of all letters signed by Chair W. Michael Fritz 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.

| Source                  | Topic  | Date Replied |
|-------------------------|--|--------------|
| PCAOB                   | Second Request for Comment: Proposed Amendments Relating to the Supervision of Audits Involving Other Auditors | 11/16/2021   |
| PEEC                    | Proposed Accounting Standards Implementation Services  | 12/17/2021   |
| PEEC                    | Proposed Revised Interpretation Unpaid Fees  | 12/17/2021   |
| AICPA Peer Review Board | Proposed Changes to AICPA Standards for Performing and Reporting on Peer Reviews                               | 12/21/2021   |
| ARSC                    | Proposed Statement: Quality Management for an Engagement Performed in Accordance with SSARS                    | 1/20/2022    |
| IAASB                   | Proposed Standard: Audits of Financial Statements of Less Complex Entities                                     | 1/28/2022    |
| PEEC                    | Proposed Interpretation and Definition: Loans, Acquisitions and Other Transactions                             | 2/2/2022     |
| PCAOB                   | Advisory Groups – Draft Governance Frameworks  | 2/25/2022    |
| ASB                     | Proposed Auditing Standards – Amendments to AU-C Section 935   | 5/10/2022    |
| IESBA                   | Proposed Revisions: Definition of Engagement Team and Group Audits   | 5/23/2022    |
| SEC                     | The Enhancement and Standardization of Climate-Related Disclosures   | 6/14/2022    |
| IESBA                   | Proposed Technology-Related Revisions to the Code  | 6/14/2022    |
| PEEC                    | Proposed Revisions: Officers, Directors and Beneficial Owners  | 7/1/2022     |
| IESBA                   | IESBA Strategic Survey   | 7/7/2022     |
| FAF                     | 2022 Strategic Plan  | 7/16/2022    |
| PEEC                    | Proposed Definitions and Interpretations: Compliance Audits  | 8/27/2022    |
| PCAOB                   | 2022 – 2026 Strategic Plan   | 9/6/2022     |



### Committee Members:

Stephen F. Langowski (NY), Chair  
 Alan R. Augenstein (AZ)  
 David D. Duree (TX)  
 Megan E. Durst (OH)  
 Janice L. Gray (OK)  
 John M. Griesbeck (TN)  
 Gaylen R. Hansen (CO)  
 Tracy Harding (ME)  
 Matthew J. Howell (MI)  
 Michael Huotte (MT)  
 Richard Isserman (NY)  
 Frederick R. Kosteci (MO)  
 Kevin N. Monroe (TN)

### Staff Liaison:

Jessica Luttrull



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## Relations with Member Boards Committee

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

The Relations with Member Boards Committee held its spring and fall semi-annual conference call virtually with nearly all participants using video connections. The conference calls provided the regional directors the opportunity to provide updates to the member Boards of Accountancy on the meetings of the NASBA Board of Directors, to update participants on national issues related to the licensing and regulation of the public accountancy profession, and to hear from the member boards about issues and concerns they were facing within their jurisdictions.

The Committee continued to solicit input from the member boards by issuing FOCUS questions that provided input to NASBA on key issues while also assisting the regional directors in identifying topics to be discussed during the NASBA Regional Meetings.

The Committee planned and hosted the NASBA Regional Meetings in June 2022. This year's Regional Meetings marked the first face-to-face Regional Meetings since 2019. Well attended, New Board Member Orientation sessions were held prior to the start of each Regional Meeting. During the Regional Meetings, attendees heard updates on the profession's pipeline, the CPA Evolution initiative and the Uniform CPA Examination, principal place of business in a virtual work environment, firm ownership, ESG reporting, and diversity initiatives.

In October, 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:**

Kenya Y. Watts (OH), Chair  
Great Lakes Regional Director

Alison L. Houck Andrew (DE)  
Middle Atlantic Regional Director

Nancy J. Corrigan (CA)  
Pacific Regional Director

Larry Elmore (TN)  
Southeast Regional Director

Lynn V. Hutchinson (LA)  
Southwest Regional Director

Stephen F. Langowski (NY)  
Northeast Regional Director

Jason D. Peery (ID)  
Mountain Regional Director

Michael Schmitz (ND)  
Central Regional Director

### **Staff Liaisons:**

Daniel J. Dustin  
John W. Johnson



## Standard-Setting and Professional Trends Advisory Committee

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

The Standard-Setting and Professional Trends Advisory Committee (SSPTAC) had its organizational meeting for the committee year in January 2022. Introductions were made. A history of the Committee and original task force and a discussion of its charge were discussed. As this Committee is charged with being a sounding board and advisory committee to leadership regarding the CPA Evolution initiative, a brief update on various Evolution activities was provided. The Committee also began to discuss disruptive trends in the profession, including topics such as ESG, private equity investments in CPA firms, offshoring, and pipeline concerns.

In February 2022, the SSPTAC joined with the NASBA Regulatory Response Committee to provide input to a NASBA letter to the PCAOB in response to its request for public comment on governance frameworks for two new advisory groups.

At its March meeting, the SSPTAC heard an update regarding efforts to date on CPA pipeline challenges and spent significant time considering issues and brainstorming on possible solutions.

The SSPTAC learned at its May meeting of the decision of the PCAOB to include a NASBA observer on the PCAOB Standard-Setting and Emerging Issues Advisory Group as requested by NASBA and other responders to their request for public comments. Other decisions made by PCAOB were also shared and discussed. The Committee then reviewed the SEC's Proposed Rule on Climate Disclosure Requirements to provide input to the Regulatory

Response Committee for consideration for NASBA's response letter. Project planning commenced to proceed with an update to the NASBA Best Practices in Standard-Setting Matrix.

The June meeting of the SSPTAC was in-person in Nashville, TN. Committee members reported back on research they conducted regarding evaluation of specific standard-setters against the Best Practices Matrix and considered updates to the best practices and format of the matrix. Additional standard-setters were also considered for addition to the matrix. A short environmental scan and discussion of new disruptive trends was also conducted.

In July, the SSPTAC joined the CBT Administration and Executive Directors Committees to review the AICPA Exposure Draft on the CPA Exam Blueprint and to provide comments for inclusion in the NASBA response letter.

The committee year concluded with a final meeting in October to complete updates to the matrix and circle back to pipeline challenges. An update was provided on certain initiatives underway, and input was provided.

### Committee Members:

Nicola Neilon (NV), Chair  
Susan I. Adams (TX)  
Charles Alvis (SC)  
Billy M. Atkinson (TX)  
Barton W. Baldwin (NC)  
Keri A. Ellis (PA)  
Gaylen R. Hansen (CO)  
Raymond N. Johnson (OR)  
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 2021-22:

- **Anti-Regulation Legislation** – Over the last several years, there has been a concerted effort by various anti-regulatory forces to limit, and in some cases dismantle, the state-based regulatory system for professions and occupations. At a time when the validity of an effective state-based regulatory system is being questioned, the State Society Relations Committee has taken an active role to assist with their preservation.
- **CPA Pipeline** – NASBA leadership regards the CPA pipeline as having a strong public protection nexus and has begun the process of working with State CPA Societies to strengthen the pipeline – both in number of CPAs entering the profession and the diversity represented by them.
- **Diversity** – The Committee continued to work with NASBA’s Diversity Committee and those responsible for making board appointments to ensure that appointments include not only women and minorities, but also individuals with diverse skill sets, from a range of firm sizes to individuals who hail from various geographic locations within their jurisdiction, and other components that foster a multicultural board.
- **Joint State Society CEO/State Board Executive Directors Conference** – NASBA’s Executive Directors Committee invited the State CPA Society CEOs to participate in the 40th Annual Conference for Executive Directors and Board Staff. The 2022 conference brought together, for the eighth year in a row, state board executive directors and state society CEOs to participate in sessions that covered matters of mutual interest/concern, future opportunities for collaboration and enhanced communications.

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

### Committee Members:

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

### Staff Liaison:

John W. Johnson





## Uniform Accountancy Act Committee

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

The Committee met in January to review the topics on its agenda. These included Non-Compliance with Laws and Regulations (NOCLAR); experience to sign reports on audited financial statements and certain examination reports; the possible impact of practice in a virtual work environment on the definition of principal place of business; and possible barriers to practice in an anti-regulatory environment. The Committee established a NOCLAR task force that met in August with a similar task force formed by the American Institute of CPAs (AICPA). Those deliberations resulted in possible minor revisions to the Uniform Accountancy Act (UAA) that may be proposed for exposure in the coming year.

A meeting was held in late September with members of the NASBA Boards of Directors, UAA Committee members and AICPA staff to learn about enhancements to peer review and the impact the AICPA's Quality Management initiative is having on audit quality. This meeting may better inform possible actions around experience to sign reports on audited financial statements and certain examination reports.

Committee Chair Stephanie M. Saunders provided a presentation on principal place of business at the NASBA Regional Meetings in June. 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 Committee met in September to discuss and approve a possible revision to UAA Model Rule on the calculation of conditional credit when a candidate successfully completes one or more sections on the Uniform CPA Examination. It is anticipated that the NASBA Board of Directors will approve the issuance of an exposure draft for public comment in October with possible adoption of the proposed amendment at its January 2023 meeting.

### Committee Members:

Stephanie M. Saunders (VA), Chair  
James Corley (AR)  
Andrew L. DuBoff (NJ)  
Larry Elmore (TN)  
Marcy J. Luth (NE)  
Marc Moyers (VA)  
John B. Peace (AR)  
Vicky Petete (OK)  
Dan Vuckovich (MT)  
Arthur M. Winstead, Jr. (NC)

### Staff Liaisons:

Daniel J. Dustin  
John W. Johnson



# YEAR IN REVIEW 2021-22



## October 2021

Joint NASBA/AICPA Uniform Accountancy Act (UAA) Committee meeting held to discuss non-compliance with laws and regulations (NOCLAR), establish joint task force to review the UAA for possible revisions and address topics of concern leading up to the AICPA-NASBA Summit.

NASBA CPT Board of Directors votes to initiate a separately funded program to establish 18 StudentCPT chapters on Historically Black College and University (HBCU) campuses over the next three years.

Accounting Education Research Grant in the amount of \$4,500 is awarded to research team from the University of South Alabama and Mississippi State University. The team's research focuses on the CPA Pipeline.

The 2021 Strategic Plan Task Force completes its refresh of the NASBA Strategic Plan, placing an emphasis on CPA Pipeline/CPA Evolution, Technology, and De-Regulation threats to Boards of Accountancy.



## November 2021

NASBA launches Flexible Remote Work option, giving employees greater work-life balance and greater flexibility to work between home and office.

NASBA's 114th Annual Meeting, themed "Persevere," was held via Zoom, November 2-3, 2021, with 519 board representatives and stakeholders from 54 U.S. jurisdictions in attendance.

Revised edition of the Uniform CPA Exam Model Curriculum is issued.

Temporary pause on publishing the *Candidate Performance on the CPA Examination* announced to place focus on bringing CPA Evolution and related technology platform advancements to fruition.

"As a profession and the regulators to that profession, we need to ensure that professional quality, whether in performing an audit under PCAOB standards, a private audit, preparing a tax return or any other service, is supported by strong, relevant, professional standards," shared Chair W. Michael Fritz, CPA, in his inaugural chair address.



## December 2021

CPA Exam Pipeline Work Group formed to develop communications strategies and metrics aimed to increase awareness and encourage prospective and existing candidates to pursue CPA licensure.

Robert N. (Bob) Brooks, longtime executive director of the North Carolina State Board of CPA Examiners, retires following 35+ years of service to the profession.

NASBA Center for the Public Trust (CPT) co-sponsors Ensuring Integrity – 16th Annual Auditing Conference with The Zicklin School of Business at Baruch College.

NASBA Nation launches as a robust membership database and online portal for use by NASBA and members of the Boards of Accountancy.

The year 2021 ends with 20,481 candidates successfully completing the Uniform CPA Exam.

Executive Directors Committee launches mentoring program and monthly ED Hourly Calls to foster rapport and the exchange of best practices among state board executive directors.



## January 2022

ARPL seeks input from Boards of Accountancy on the benefits of licensing in the accounting profession to reinforce the Oxford findings, especially those pertaining to the benefits of women and persons of color in the profession.

Task force to review Uniform Accountancy Act (UAA) section 18 Confidential Communications is formed by NASBA/AICPA.

Informative Education Webinar focusing on academia and the CPA Evolution initiative hosted by NASBA's Education Committee.

## February 2022

CPE Standards Working Group invites members of the accounting profession to submit suggestions for areas of clarification or modification in the Statement on Standards for Continuing Professional Education (CPE) Programs (*Standards*) by March 15.

National Association of Black Accountants (NABA) hosts 3-day, Leadership Retreat and Board of Directors meeting at NASBA's Nashville headquarters.



## March 2022

Informative CPA Evolution webinar hosted by NASBA and AICPA highlights structural changes to the CPA Exam.

NASBA hosts March 24 Employee Appreciation Sunshine Day at Nashville headquarters to reunite staff and thank them for their dedication and hard work throughout the pandemic.

The Small Business Administration grants NASBA forgiveness of its \$2.0 million Paycheck Protection Program loan plus interest.

CPT Golf Classic returns to the greens at Governors Club of TN after a two-year break with 15 teams teeing off in support of ethical leadership.



# YEAR IN REVIEW 2021-22



## April 2022

Unwinding begins as the 40th Annual Conference for Executive Directors and Board Staff and 27th Annual Conference for Board of Accountancy Legal Counsel meet in-person, April 25-27, in Clearwater Beach, FL.

AICPA announces 2024 CPA Exam infrastructure changes to the public.

Call for nominations opens for annual NASBA Awards program.



## May 2022

Nominating Committee selects Stephanie M. Saunders, CPA, of Virginia as its nominee for NASBA vice chair, 2022-2023 at its May meeting.

NASBA/AICPA U.S. IQAB and CPA Ireland sign mutual recognition agreement on May 31, establishing an abbreviated qualification pathway for eligible accounting professionals in the U.S. and Ireland to practice in the partner countries.

PCAOB appoints NASBA Past Chair Diane Rubin, CPA, to newly formed Public Accounting Oversight Board (PCAOB) Standards and Emerging Issues Advisory Group (SEIAG).

NASBA Application Dashboard launches, providing CPA Exam candidates with convenient access to candidate accounts and all NASBA applications through a single, secure homepage.



## June 2022

Colorado Springs, CO and White Sulphur Springs, WV, serve as host cities to NASBA's June Regional Meetings, which attracted 311 attendees representing 51 Boards of Accountancy.

Juneteenth, a new federal holiday, is recognized and observed by NASBA.

NASBA, AICPA and Prometric announce expansion of international CPA Examination testing locations.

NASBA membership invited to share input on CPA Exam exposure draft outlining the content and scope of new CPA Exam expected to launch in January 2024.



## July 2022

"Navigating the U.S. CPA Exam" interactive candidate webinar hosted by NASBA and AICPA on July 26 attracts 3000+ registrants across the globe.

NASBA CPT announces winners of annual *Ethics in Action* video competition, which received 38 video entries from 18 U.S. colleges and universities.

Significant investments were made in technology upgrades that support the Gateway and ALD and enhance the association's infrastructure's security, reliability and resiliency.

NASBA Board of Directors unanimously approves Donald H. Burkett, John F. Dailey, Jr. (posthumously) and Patti Bowers as 2022 NASBA Awards recipients during its July meeting.



## August 2022

Research teams from Central Washington University, University of Northern Iowa, University of Northern Colorado, University of North Georgia and Case Western University named recipients of NASBA's Accounting Education Research Grants for 2022. Call for 2023 proposals opens.

Accountancy Licensee Database (ALD) confirms 665,612 actively licensed CPAs as of August 2022 (as reported by 54 of the 55 U.S. jurisdictions).

Enforcement Resources Committee kicks off Enforcement Training Webinar Series for Board of Accountancy executive directors.

September 2022 NASBA's National Registry of CPE Sponsors hosts "Coming Together" themed National Registry Summit in Nashville, TN, September 20-21.

Puerto Rico celebrates its go-live date on NASBA's CPE Audit Service.



# 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

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

## CPA Examination Services

## 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.

## CPA CENTRAL

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

CPA  
CENTRAL



### 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.

# ADVISORY

## NASBA ADVISORY EVALUATION

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



# LICENSING



## CPA LICENSING SERVICES

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 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

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

## NASBA EXPERIENCE VERIFICATION

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), Hong Kong Institute of Certified Public Accountants (HKICPA), Chartered Accountants Ireland (CAI), Instituto Mexicano de Contadores Publicos (IMCP), Institute of Chartered Accountants of Scotland (ICAS), South African Institute of Chartered Accountants and CPA Ireland.

## 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

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.



### NASBA INTERNATIONAL EVALUATION SERVICES (NIES)

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.



### EDUCATION VERIFICATION

Launched in 2019, the Education Verification Service offers candidates an alternative to having their educational institutions submit documents directly to NASBA International Evaluation Services (NIES) 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, the profession is at risk of being swept up in overly broad legislation.

# EDUCATION

## NASBA UNIVERSITY

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.

*In September 2022, NASBA U participants included (first row, bottom left) Cynthia Briggs (DC), Kristi Justice (WV), Tracy Taylor (UT), Tarryn DeMers (WY), Dawne Broadfield (RI), Lynne Sanders (NC), (back row, bottom left) Angela Megget-Strudwick (DC), Betsy Boudreaux (LA), Noel Davis (NM) and Martin Pittioni (OR).*



# BOARD SUPPORT

NASBAstore

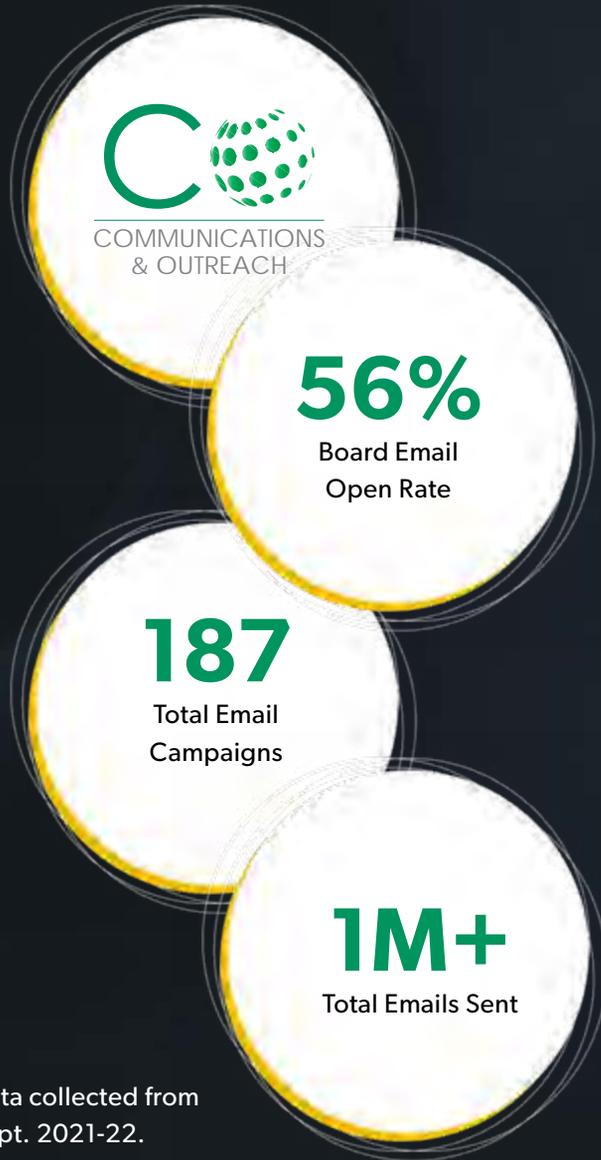
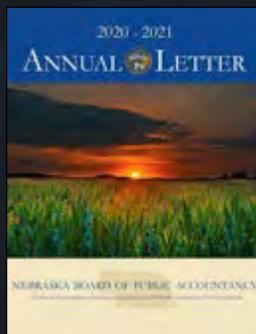
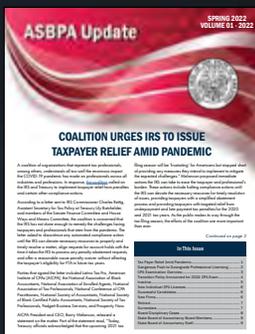


## NASBASTORE / WALL CERTIFICATE SERVICE

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 and annual reports. A total of 45 Boards of Accountancy currently participate in the Communications & Outreach program.



# 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-four Boards of Accountancy are currently participating, with Hawaii actively working toward implementation. This new addition puts NASBA closer to realizing its goal of housing current and accurate licensing and disciplinary information for individual CPAs and firms from each of the 55 U.S. jurisdictions. The ALD is hosted by NASBA and access to the system is free to Boards of Accountancy.

## 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. NASBA offers complimentary accounts to Boards of Accountancy, accounting program chairs at colleges and universities, as well as individuals working to prepare professional licensure disclosures for their institution.



## CPAMOBILITY.ORG

With statutes approved in 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" regime. With *CPAmobility.org*, CPAs can learn whether mobility applies to their specific situation and whether firm registration or other paperwork is required – all within four clicks. Desktop and mobile access to *CPAmobility.org* provides a wealth of information at your fingertips.

**CPAmobility.org**

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



# CONTINUING PROFESSIONAL EDUCATION

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## NATIONAL REGISTRY OF CPE SPONSORS

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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.

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## NASBAREGISTRY.ORG

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

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## CPE AUDIT SERVICE

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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 12 boards currently using the CPE Audit Service to assist with CPE reporting and conducting audits of their professionals' compliance with their CPE requirements, with two additional boards being added by January 2023.

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## CPE RULES ENGINE SERVICE

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Launched in 2018, and currently with multiple 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.





## REBOUND IN 2022

The year 2022 was a year of rebound, as colleges/universities and businesses began to reopen with in-person interaction. The NASBA Center for the Public Trust (CPT) continued to adjust and find ways to effectively support StudentCPT chapters and grow its professional programs to fulfill its mission *to develop, empower and promote ethical leaders*. Working alongside NASBA leadership and members, CPT Board members and other partners, the CPT launched new StudentCPT chapters and hosted the first in-person StudentCPT Leadership Conference since 2019.

### STUDENT ETHICAL LEADERSHIP CERTIFICATION PROGRAM

As the CPT continues to shape the ethical values and principles of college students, the CPT enrolled over 5,694 college students in the Ethical Leadership Certification Program, representing slightly more than a 10% increase in program growth over 2021.

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.

### STUDENTCPT CHAPTERS

The Student Center for the Public Trust (StudentCPT) Chapter Program is continuing 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 2022, the 50th StudentCPT chapter was launched at Tennessee State University in Nashville, TN. Following number 50, two other StudentCPT chapters were launched: Southwest TN Community College in Memphis, TN, and Alabama State University in Montgomery, AL. With the vision of becoming the largest network of ethical leaders on college campuses, the StudentCPT continues to grow and now connects students in 52 chapters across 24 states and U.S. territories.

### HBCU INITIATIVE

The CPT has established over 52 StudentCPT chapters across the country. Currently, four are located on Historically Black College and University (HBCU) campuses. However, these campuses present a great opportunity. There are a total of 107 HBCUs across 20 states and the District of Columbia. As a result, the CPT Board voted to initiate a separately funded program to reach HBCU institutions and students and offer them access to the full suite of CPT programming, including Ethical Leadership Training and Development, Ethics Certification, Ethics Case Competitions and attending the Annual StudentCPT Leadership Conference.

The HBCU Initiative seeks to expose greater numbers of HBCU students to ethical leadership and the accounting profession. This program will help advance diversity and inclusion. It will also provide the students with access to mentors and others who may aid in their career advancement. To date, the CPT has established chapters on two new campuses and has six others committed to start this academic year. These HBCUs will join the network of StudentCPT chapters.

### ETHICAL LEADERSHIP TRAINING PROGRAM

As a part of the CPT's mission, *to shape ethical leadership among professionals*, the CPT partners with several State Boards of Accountancy to administer the Ethical Leadership Training (ELT) Program as a disciplinary tool for licensees in their jurisdictions with ethics infractions. This

year, the CPT continued to partner with 14 Boards of Accountancy in the use of ELT for disciplinary actions. Participating state boards include Alabama, Florida, Idaho, Kansas, Minnesota, Missouri, North Dakota, Oklahoma, Pennsylvania, South Carolina, Tennessee, Utah, Washington and Wyoming. During the 2021-22 fiscal year, 528 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.

### STUDENTCPT LEADERSHIP CONFERENCE

Each year, the NASBA Center for the Public Trust (CPT) hosts the well-anticipated StudentCPT Leadership Conference (SLC). In 2022, the in-person conference was brought back for the first time since 2019 to create opportunities for student leaders to connect and build upon their leadership skills.

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. A total of 37 students representing 21 colleges and universities



joined the SLC held June 6-8, 2022, in Colorado Springs, CO.

The CPT was honored to host guest speaker Jennifer Bouchard with Meta, who broke down different leadership styles and discussed what they look like in all aspects of life. Sedrik Newbern, a professor at Western Kentucky University and a consultant for the CPT, touched upon leading from any level. CPT Operations Manager Deborah Lederman lead a networking strategies workshop that prepared students to converse with NASBA Regional Meeting attendees. CPT President Alfonzo Alexander introduced strengths-based leadership and what that looks like in the new world. Jasmine Jenkins, CPT Student Programs Manager, lead students in team building and guided students in presenting case studies to judges on their last day.

## ETHICS IN ACTION STUDENT VIDEO COMPETITION

The 2022 *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 share their views on ethics and accountability in business. This year's competition received 64 video entries generating over 500 votes during Viewer's Choice voting. The competition continues to be an effective tool to teach business ethics to students in a way that is fun, memorable and effective. This year's winning teams represented

University of New Mexico, Texas State University, Maryville University, Colorado Mesa University, Marshall University, and Tennessee Technological University.

## 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 New Mexico Society of CPAs, Oklahoma State University Finance and Audit Conference attendees, Arkansas CPA Society, South Carolina Board of Accountancy, Alabama Association of School Business Officials (AASBO), Kentucky Educators, and the Association of Government Accountants (AGA). The CPT provided CPE workshops and presentations for the Alabama Society of CPAs, Arkansas Society of CPAs and Kentucky Society of CPAs.

The CPT's partnership with Baruch College as cohosts of the 16th Annual Ensuring Integrity: Audit Conference provided CPT President Alfonzo Alexander the opportunity to virtually speak to more than 150 professionals, business leaders, public accountants, educators, and policy setters. In the coming year, the CPT will continue to expand online trainings and presentation offerings to Boards of Accountancy, State CPA Societies, and other professional organizations.

## CPT LEADERSHIP BOARD OF DIRECTORS

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

### DAVID A. COSTELLO, CPA

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

### LARRY W. BRIDGESMITH, ESQ.

CPT Life Director  
CRO, ERM Legal Solutions

### MILTON BROWN, PA

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

### JIMMY E. BURKES, CPA

CPT Secretary  
Consultant, Haddox Reid Eubank Betts PLLC

### J. COALTER BAKER, CPA

Baker & Cockburn, PLLC, CPAs

### TOMMYE BARIE, CPA

Executive VP of Leadership Development  
Succession Institute, LLC

### CYNTHIA COOPER

CEO, The CooperGroup, LLC

### BILL FOWLER, CPA

Senior VP, Scholarship Program, Daniels Fund

### LAWRENCE W. HAMILTON, MPA, ED.S.

Consultant

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

Dean, North Carolina A&T State University

### MELVIN J. MALONE, ESQ.

Practice Group Leader, Butler Snow

### SEAN P. MCVEY, CPA

Partner, Regulatory & Public Policy Group, Deloitte

### KENT NOBLE

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

### ANDREA P. PERRY, ESQ.

Attorney, Bone McAllester Norton, PLLC

### JOSEPH PETITO, ESQ.

Retired Principal - Public Policy,  
PricewaterhouseCoopers LLP

## CPT STAFF

### KEN L. BISHOP

CEO, NASBA CPT

### ALFONZO ALEXANDER

President, NASBA CPT

### SANDRA DAVIDSON, CPA

CFO, NASBA CPT

### DEBORAH LEDERMAN

Operations Director

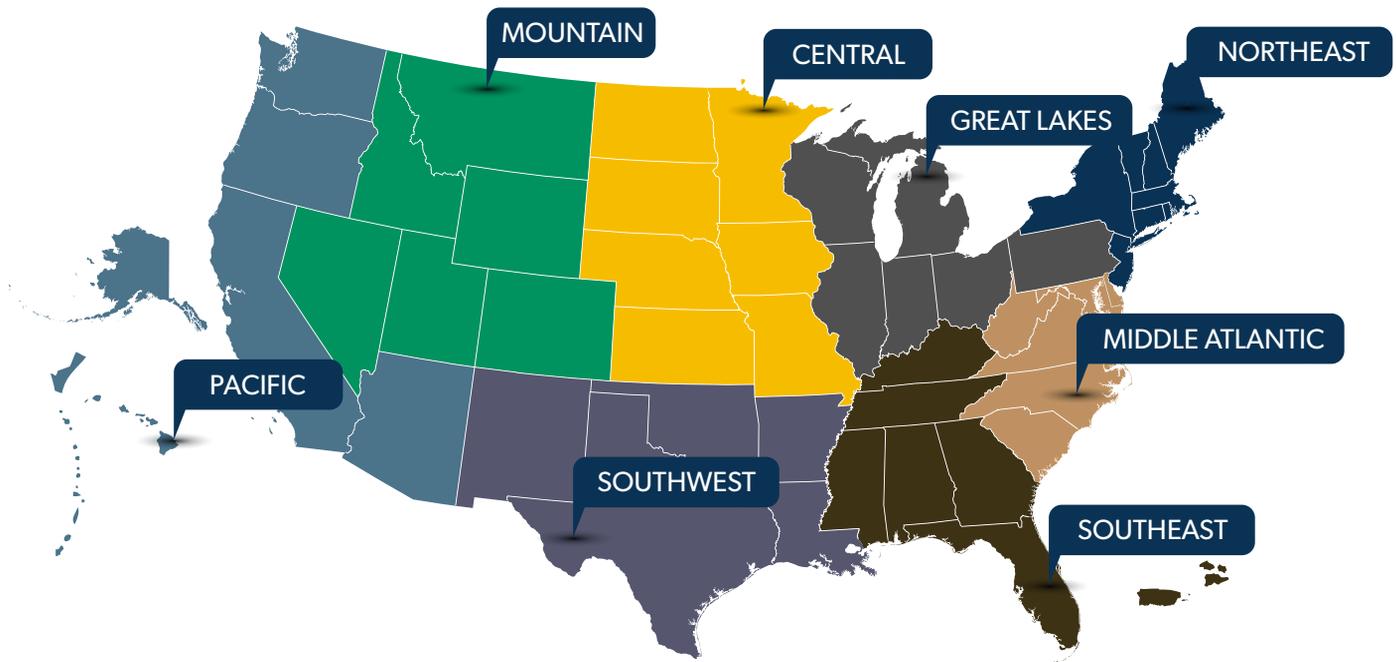
### JASMINE JENKINS

Student Programs Manager

### BRANDI TAYLOR

Executive Assistant

# 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



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

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

**July 31, 2022 and 2021**



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 22, 2022**

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, 2022 and 2021, 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 22, 2022

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  
Director, Finance & Controller

**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.  
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2022**

**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 55 member Boards of NASBA are comprised of the 50 U.S. states, the District of Columbia and the U.S. territories of Guam, the Commonwealth of the Northern Mariana Islands, Puerto Rico and the U.S. Virgin Islands. Executive management and staff of NASBA align the level of Mission activities and support to objectives defined in NASBA’s strategic plan. These objectives continue to guide resource deployment and provide emphasis on matters of importance to Boards. As such, they are guiding principles for staff, and for the organization, when commencing new services and sustaining ongoing endeavors.

These strategic objectives go beyond Mission-related Member Services activities. They encompass operating services related to the CPA Examination and compliance activities such as licensing on behalf of Boards and continuing professional education standards. These operating services create the resources essential to Boards in their day-to-day activities of regulation, and ultimately, to fulfill their role of public protection. Mission-related Member Services include Board-supporting

activities such as the Accountancy Licensee Database (ALD), Accountancy Licensing Library (ALL), CPE Audit Service, Board relations, legislative and governmental support, enforcement and peer review assistance, and other various licensing support and services.

Mission-related expenses also include funding of committees and conferences. There were twenty-three committees that focused on topics to enhance the effectiveness of CPA regulation. NASBA hosted both in-person and virtual conferences during fiscal 2022 comprised of the Annual Meeting, Eastern and Western Regional Meetings, and conferences for the Boards’ executive directors, staff and legal counsels.

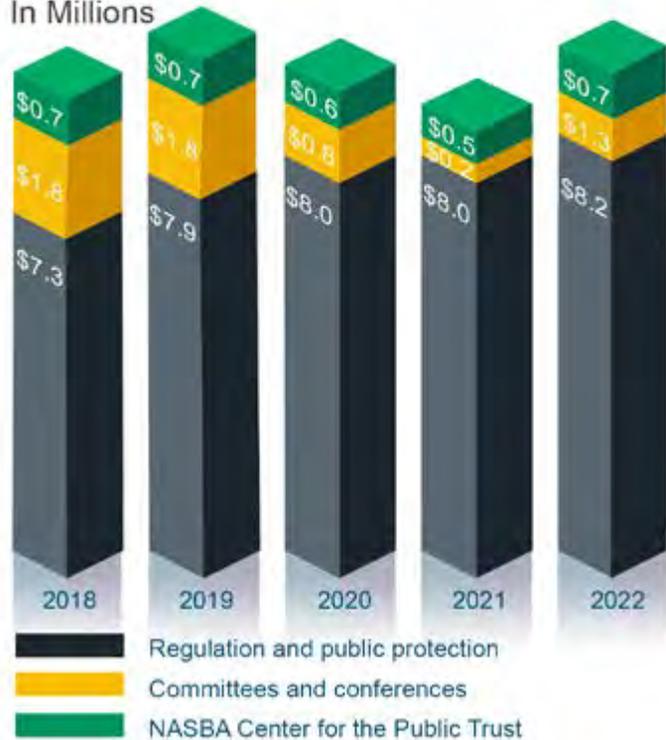
The program and supporting activities of the NASBA Center for the Public Trust (CPT) are also included in Mission-related Member Services expenses. CPT is a nonprofit, public benefit entity whose mission is to champion the public trust by advancing ethical leadership in business, institutions and organizations, including those of current and future licensed CPAs. In the past year, CPT has expanded its mission activities with a focus on Historically Black Colleges and Universities for inclusion in the Student Center for the Public Trust program.

**Strategic Objective Categories**

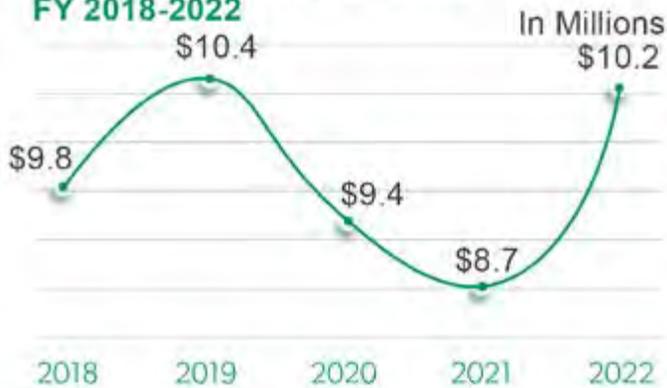
- Relationships
- Advocate for Effective State Based Regulation
- Enforcement
- Effective Communication
- Operational Sustainability
- Diversity
- Legislative and Regulatory Support
- Ethics
- Education and Training
- Emerging Issues
- CPA Pipeline
- Leadership Development
- Technology Support

**MISSION-RELATED MEMBER SERVICES EXPENDITURES**

In Millions



**TOTAL MISSION SPENDING  
FY 2018-2022**



# NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

## MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2022

### 2022 YEAR IN REVIEW

As shown in the charts on the previous page, NASBA rebounded to historical levels of Mission-related Member Services expenditures as compared to the previous two fiscal years which were negatively impacted by the pandemic. Although services never diminished during this period, the total amount of expenditures declined due to restrictions on in-person meetings and travel. In addition to the increased committee and conference expenses in fiscal 2022, expenditures for both regulation and public protection and CPT also increased from the prior year.

During fiscal 2022, NASBA began two significant multi-year information technology (IT) projects. The first is a software development project related to the transformation of the CPA Examination into a core test and one of three candidate-chosen areas of emphasis (Information Systems and Controls, Tax Compliance and Planning, or Business Reporting and Analysis). This transformation, known as the CPA Evolution Model,

requires new functionality for the National Candidate Database software. In addition, NASBA is enhancing other software that enables its CPA Examination-related operations. The second IT project has a specific focus on NASBA's IT infrastructure and a variety of application services. This project is expected to provide overall cost savings, operational efficiency, and improved cyber security for the future.

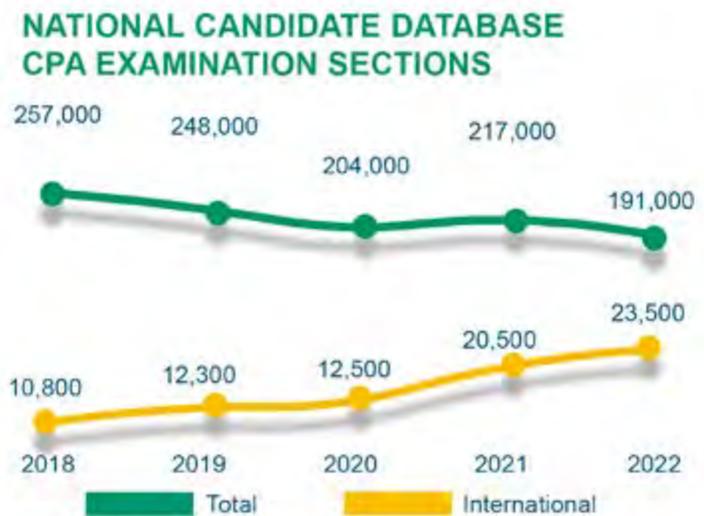
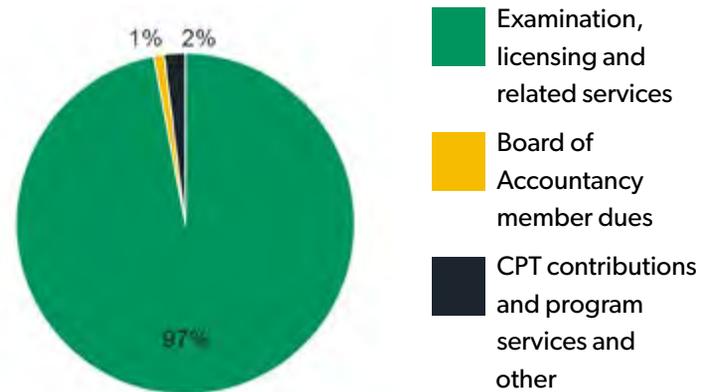
Just like many other organizations during the past twelve months, NASBA was impacted by the current economic conditions. Costs, such as those for conferences and committee meetings, increased from the prior year for NASBA due to the lifting of pandemic travel restrictions and the inflationary pressures on the restart of such travel and meeting costs. A net investment loss of \$3.0 million was incurred in fiscal 2022. Despite these economic headwinds, net assets increased by \$1.2 million and there was no change in the level of service or support provided by NASBA to Boards during fiscal 2022.

### PROGRAM REVENUE

Mission spending is funded through several revenue channels. The chart to the right reflects the revenue shown in the consolidated statements of activities and also the program revenue information on the following page. A majority of the revenue (97% in fiscal 2022) originates from examination, licensing and related services. Only a small percentage of total revenue (1% in fiscal 2022) stems from Board member dues. The remaining 2% of total revenue is comprised of contributions and program services of CPT and other Mission-related services.

Examination and licensing revenue originates from fees for evaluating the credentials of individuals progressing to licensure as a CPA and performed on behalf of the respective Board. Services such as application processing, credential evaluations, and score reporting are provided to candidates, ultimately seeking licensure, as a part of services provided to 62% of the Boards in their examination-related responsibilities. Passing the CPA Examination is an essential requirement for becoming licensed. Along with the revenue directly related to the processing of candidates into the CPA Examination network, NASBA earns revenue related to academic evaluations for those who have completed education outside of the U.S. 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 process of testing candidates in both the 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.

**In fiscal 2022, 191,000 examination sections were processed through the National Candidate Database. Included in this total are 23,500 sections related to candidates choosing to test at international locations.**



**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.  
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2022**

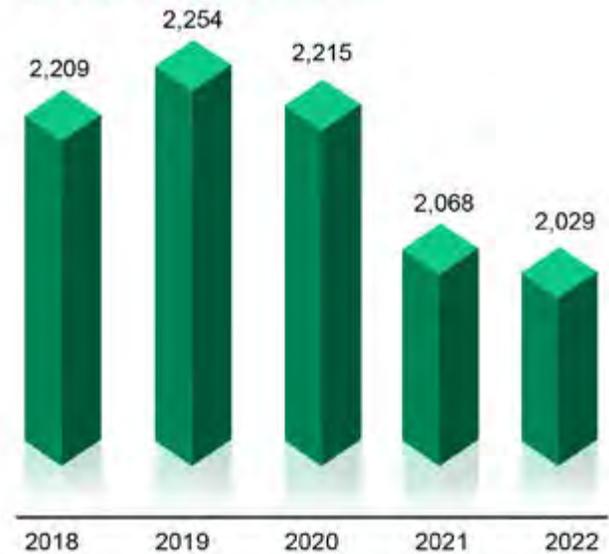
**PROGRAM REVENUE**

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

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

Total revenue decreased by 5% in fiscal 2022 from fiscal 2021. The entirety of the decrease is from examination-related services. As shown in the chart on the previous page, total CPA Examination sections processed through the National Candidate Database decreased from the prior year. Part of the revenue decrease is attributable to anomalies in the prior year, such as the extension of notice to schedule expiration dates from fiscal 2020 into fiscal 2021, which increased the prior year revenue above historical norms. As a partial offset to this decreased revenue, the volume of international candidates increased in fiscal 2022 from the prior year. This increase was bolstered by the expanded testing opportunities to assist candidates living in countries outside the U.S. which began in fiscal 2021. This increase is shown in the international section volume also on the previous page. The increase in other revenue is primarily attributable to the return to in-person conferences in fiscal 2022. Other than the October 2021 Annual Meeting, all other conferences had in-person attendance. Conference fees in fiscal 2022 and fiscal 2021 were not charged for virtual attendees which resulted in essentially no fiscal 2021 conference fee revenue.

**REGISTRY SPONSORS**



**PROGRAM REVENUE**

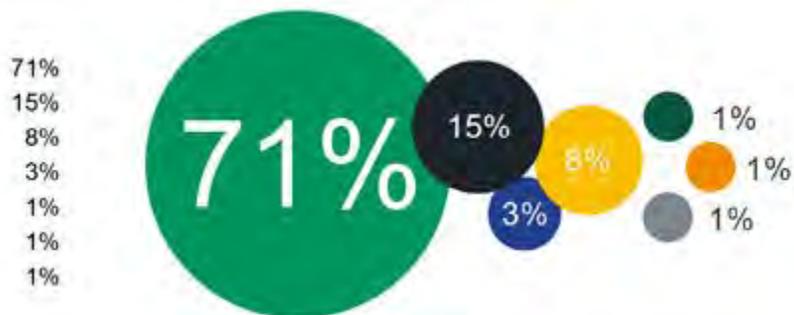
|                         | % CHANGE     |
|-------------------------|--------------|
| <b>OVERALL</b>          | <b>-5.0%</b> |
| EXAMINATION & LICENSING | -6.7%        |
| COMPLIANCE SERVICES     | 0.0%         |
| MEMBER DUES             | 0.0%         |
| CPT                     | 25.0%        |
| OTHER                   | 50.0%        |

In Millions



**REVENUE BY ACTIVITY**

|                                   |     |
|-----------------------------------|-----|
| EXAMINATION                       | 71% |
| COMPLIANCE SERVICES               | 15% |
| INTERNATIONAL EVALUATION SERVICES | 8%  |
| LICENSING                         | 3%  |
| CPT                               | 1%  |
| MEMBER DUES                       | 1%  |
| OTHER                             | 1%  |



**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.  
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2022**

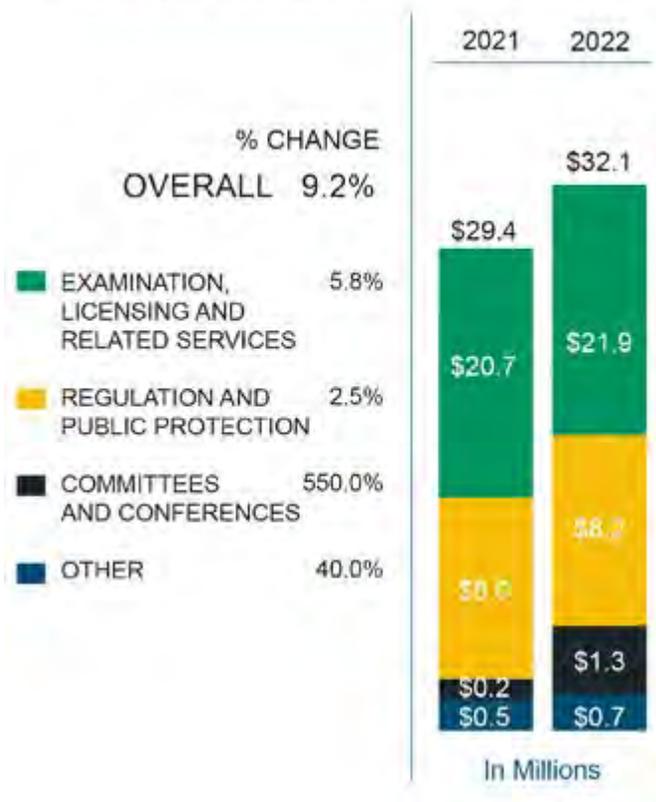
**PROGRAM EXPENSES**

Total consolidated program expenses increased by 9.2% to \$32.1 million in fiscal 2022 compared to \$29.4 million in fiscal 2021. This is an increase of \$2.7 million.

Most of this increase is in conferences and meetings, travel, and professional services. The return to in-person committee meetings and conferences increased total travel and meeting expenses from the prior year by \$1.1 million. During fiscal 2021, there were essentially no in-person meetings or travel. The increase in professional services expense in fiscal 2022 from fiscal 2021 is primarily from one of the IT projects previously discussed.

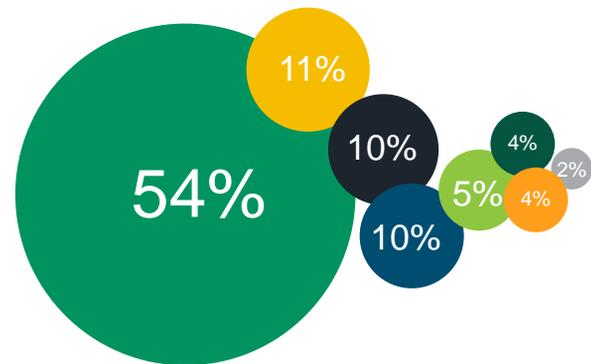
As shown in the consolidated statements of functional expenses, aside from the expense categories discussed in the previous paragraph, the amount of expenses by function for fiscal 2022 was in line with fiscal 2021. Overall, total operating expenses for NASBA during fiscal 2022 were incurred for the programs and services shown below.

**PROGRAM EXPENSES**



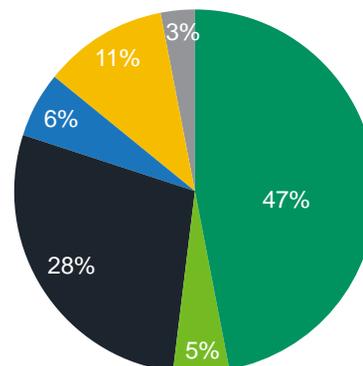
**EXPENSES BY ACTIVITY**

|  |     |
|--|-----|
| Examination  | 54% |
| Enforcement and regulation   | 11% |
| Compliance Services  | 10% |
| Communications and public relations  | 10% |
| Licensing  | 5%  |
| Board of Accountancy membership, research, relations, legislative and governmental | 4%  |
| Committees and conferences   | 4%  |
| Ethics   | 2%  |



**EXPENSES BY FUNCTION**

|  |     |
|--|-----|
| Compensation and related costs               | 47% |
| Conferences, meetings and travel             | 5%  |
| Technology and professional                  | 28% |
| Credit card and other program services costs | 6%  |
| Occupancy, depreciation and amortization     | 11% |
| Other  | 3%  |

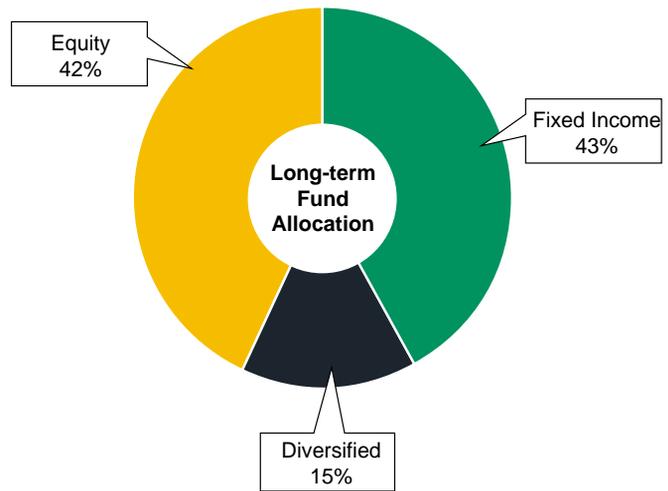


**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.  
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2022**

**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, and its conservative investment posture, provides financial stability, and allows leadership to make mission resource decisions without disturbing current operational activities.

Investment securities are managed under a board-approved investment policy in which long-term investments are directed at the discretion of an investment advisor who is under the oversight of the NASBA Administration and Finance Committee. Of the total investment securities balance at July 31, 2022, 43% 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 42% of the total long-term fund at July 31, 2022, 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 (15%) is to the diversified asset class which includes investments which have risk versus return characteristics that are not correlated to the equity or fixed income markets. During fiscal 2022, the target asset allocation in the investment policy was adjusted to increase the percentage allocated to diversified investments by 5% with a corresponding decrease to the fixed income target asset allocation percentage.

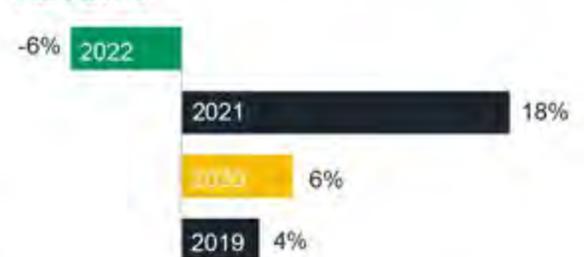
In addition to the long-term investment securities, NASBA has a minimal ownership percentage in a company that includes the operations of a former wholly-owned subsidiary. This investment is shown as Investment in affiliate in the consolidated statements of financial position.

Investments, as a whole, followed the general decline in the market during the past twelve months. The chart below shows the net investment loss for fiscal 2022 of \$3.0 million. This includes the net market value loss of \$4.7 million and the other investment income, comprised of interest and dividends, net of investment fees.

**INVESTMENT INCOME (LOSS)**  
In Millions



**LONG-TERM INVESTMENT RETURN**



**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.  
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2022**

**CASH FLOW, FINANCIAL POSITION AND LIQUIDITY**

Cash and cash equivalents increased by a net of \$2.3 million in fiscal 2022. 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. NASBA also spent \$2.9 million on capitalized software development in fiscal 2022 related to the IT projects which were previously discussed.

A unique item for fiscal 2022 was the gain on loan forgiveness provided by the Small Business Administration under the Paycheck Protection Program. The proceeds for this loan were received in fiscal 2021.

The total gain from the loan forgiveness, which includes the original loan principal and accrued interest, was \$2.0 million and is included in the consolidated statements of activities.

Total cash and cash equivalents were \$17.9 million at July 31, 2022. This cash balance is projected to fund the significant software development project related to CPA Evolution and the other IT projects anticipated for the next two fiscal years. Note 5 of the consolidated financial statements details the \$66.5 million of financial assets available for general expenditure in fiscal 2023. At this time, management does not anticipate the need to liquidate any long-term assets to meet cash needs during fiscal 2023.

**CASH PROVIDED (USED)**

In Millions



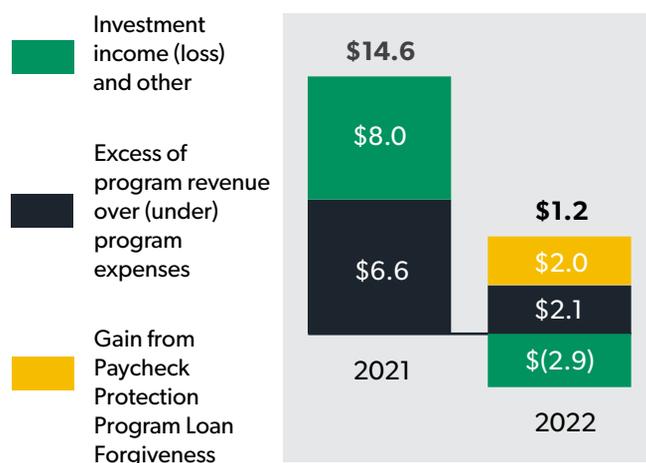
The total increase in net assets for fiscal 2022 was \$1.2 million. The change in net assets for the current and prior fiscal years are shown in the following chart. Included in Investment income (loss) and other is the postretirement benefit gain of \$0.1 million in fiscal 2022

Despite the fiscal 2022 challenges of lower CPA Examination candidate volume and global economic conditions, NASBA continued providing ongoing services to Boards and to prepare for the evolution of the CPA

Licensure Model. NASBA rebounded from pandemic conditions that limited in-person meetings and other activities and found new ways to provide successful virtual alternatives. The organization increased its Mission-related Member services expenditures. IT projects were initiated related to changes in the CPA Examination which will better equip future CPAs with the needed skills of the profession and to assist Boards in their role as regulators. NASBA kept close watch on its long-term investment portfolio allocation to better maintain financial security into the future for the organization. In the wake of a global health challenge that appears to be subsiding in intensity, management believes the organization is financially stronger than ever and well positioned to meet the ever-evolving challenges faced by its member Boards.

**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 22, 2022**

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, 2022, 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, 2023; 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, 2022.

Respectfully submitted,

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

By: Michael T. Schmitz, CPA, Chair

Other Members of the Committee

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



## INDEPENDENT AUDITORS' REPORT

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

### 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, 2022 and 2021, the related consolidated statements of financial position as of July 31, 2022 and 2021, 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, 2022 and 2021, financial position as of July 31, 2022 and 2021, 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 the National Association of State Boards of Accountancy, Inc. and subsidiaries' ability to continue as a going concern for the 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 22, 2022

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

|   | 2022      | 2021      |
|---|-----------|-----------|
| <b>Program Revenue</b>  |           |           |
| Examination, licensing and related services   | \$ 33,090 | \$ 35,073 |
| Member services, dues and other revenue   | 1,099     | 907       |
| Total program revenue   | 34,189    | 35,980    |
| <b>Program Expenses</b>   |           |           |
| Examination, licensing and related services   | 21,942    | 20,680    |
| Member services:  |           |           |
| Regulation and public protection  | 8,226     | 7,998     |
| Committees and conferences  | 1,274     | 148       |
| Other   | 670       | 543       |
| Total program expenses  | 32,112    | 29,369    |
| <b>Excess of Program Revenue Over Program Expenses</b>  | 2,077     | 6,611     |
| <b>Postretirement Benefit Credit (Cost)</b>   | 118       | (15)      |
| <b>Gain from Paycheck Protection Program Loan Forgiveness</b>   | 1,958     | -         |
| <b>Investment Income (Loss)</b>   | (3,013)   | 7,979     |
| <b>Increase in Net Assets Without Donor Restrictions</b>  | 1,140     | 14,575    |
| <b>Increase in Net Assets With Donor Restrictions from Contributions and Investment Income (Loss)</b> | 21        | 73        |
| <b>Increase in Net Assets</b>   | 1,161     | 14,648    |
| <b>Net Assets, Beginning of Year</b>  | 70,598    | 55,950    |
| <b>Net Assets, End of Year</b>  | \$ 71,759 | \$ 70,598 |

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,<br>licensing and<br>related services | Member<br>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              |
| Total                                       | <u>\$ 21,942</u>                                  | <u>\$ 10,170</u>   | <u>\$ 32,112</u> |

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

See Accompanying Notes to Consolidated Financial Statements

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

|  | 2022      | 2021      |
|--|-----------|-----------|
| <b>Assets</b>                                  |           |           |
| Current Assets                                 |           |           |
| Cash and cash equivalents                      | \$ 17,856 | \$ 15,585 |
| Receivables                                    | 1,367     | 1,431     |
| Prepaid expenses                               | 850       | 1,376     |
| Total current assets                           | 20,073    | 18,392    |
| Investments and Other Assets                   |           |           |
| Investment securities, at fair value           | 47,961    | 51,286    |
| Investment in affiliate                        | 884       | 884       |
| Other assets                                   | 285       | 264       |
| Total investments and other assets             | 49,130    | 52,434    |
| Property and Equipment                         |           |           |
| Less accumulated depreciation and amortization | 5,058     | 4,600     |
| Net property and equipment                     | 3,636     | 4,162     |
| Software Development Costs                     |           |           |
| Less accumulated amortization                  | 5,426     | 4,446     |
| Net software development costs                 | 10,186    | 7,789     |
| Total assets                                   | \$ 83,025 | \$ 82,777 |
| <b>Liabilities and Net Assets</b>              |           |           |
| Current Liabilities                            |           |           |
| Accounts payable and accrued liabilities       | \$ 6,842  | \$ 5,461  |
| Deferred revenue                               | 2,247     | 2,258     |
| Paycheck Protection Program loan               | -         | 1,938     |
| Other current liabilities                      | 124       | 127       |
| Total current liabilities                      | 9,213     | 9,784     |
| Long-term Liabilities                          |           |           |
| Total liabilities                              | 11,266    | 12,179    |
| Net Assets                                     |           |           |
| Without donor restrictions                     | 71,447    | 70,307    |
| With donor restrictions                        | 312       | 291       |
| Total net assets                               | 71,759    | 70,598    |
| Total liabilities and net assets               | \$ 83,025 | \$ 82,777 |

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**

|  | 2022      | 2021      |
|--|-----------|-----------|
| <b>Operating Activities</b>  |           |           |
| Cash received for services   | \$ 36,418 | \$ 37,111 |
| Cash received for membership dues                                  | 294       | 307       |
| Cash received from donors to NASBA Center for the Public Trust     | 195       | 130       |
| Interest and dividends received                                    | 1,801     | 1,371     |
| Cash paid to employees, vendors and others                         | (32,179)  | (29,892)  |
| Cash received from examination candidates for examination partners | 42,919    | 46,517    |
| Cash paid to escrow accounts for examination partners              | (42,659)  | (47,096)  |
|  | 6,789     | 8,448     |
| <b>Investing Activities</b>  |           |           |
| Property and equipment additions                                   | (263)     | (142)     |
| Proceeds from property and equipment disposals                     | 3         | -         |
| Capitalized software development costs                             | (2,880)   | -         |
| Purchases of investment securities                                 | (15,948)  | (22,328)  |
| Proceeds from sale of investment securities                        | 14,578    | 21,127    |
| Other  | (8)       | (3)       |
|  | (4,518)   | (1,346)   |
| <b>Financing Activities</b>  |           |           |
| Proceeds from Paycheck Protection Program loan                     | -         | 1,938     |
|  | -         | 1,938     |
| <b>Net Increase in Cash and Cash Equivalents</b>                   | 2,271     | 9,040     |
| <b>Cash and Cash Equivalents, Beginning of Year</b>                | 15,585    | 6,545     |
| <b>Cash and Cash Equivalents, End of Year</b>                      | \$ 17,856 | \$ 15,585 |

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**

|   | 2022     | 2021      |
|---|----------|-----------|
| Reconciliation of increase in net assets to net cash provided by operating activities:        |          |           |
| Increase in net assets  | \$ 1,161 | \$ 14,648 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: |          |           |
| Depreciation and amortization of property and equipment                                       | 755      | 788       |
| Amortization of software development costs  | 1,007    | 1,050     |
| (Gains) losses on investment securities   | 4,695    | (6,706)   |
| Gain from Paycheck Protection Program loan forgiveness  | (1,958)  | -         |
| Recognition of deferred rent credit   | (111)    | (112)     |
| Loss on disposals of property and equipment   | 31       | 2         |
| (Gains) losses on endowment fund investment securities  | 22       | (28)      |
| Changes in assets and liabilities   |          |           |
| (Increase) decrease in:   |          |           |
| Receivables   | 64       | (596)     |
| Prepaid expenses and other assets   | 491      | (79)      |
| Increase (decrease) in:   |          |           |
| Accounts payable, accrued and other liabilities   | 643      | (96)      |
| Deferred revenue  | (11)     | (423)     |
| Net cash provided by operating activities   | \$ 6,789 | \$ 8,448  |
| Supplemental Disclosure of Non-cash Investing and Financing Activities                        |          |           |
| Accrued capitalized software development costs  | \$ 524   | \$ -      |

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.

#### New accounting pronouncement

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. The amendments in ASU 2016-02, along with subsequently issued updates, will generally require on-balance sheet recognition for all leases with terms that exceed twelve months. The new lease accounting model will continue to reflect two types of leases. Under the new pronouncement, a lessee would account for most existing capital leases as finance leases. This will result 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 will remain as operating leases which will result in recognizing a single total lease expense. Both finance leases and operating leases will result in the lessee recognizing a ROU asset and a lease liability. The guidance applied by a lessor is substantially similar to existing GAAP. A lessor will classify leases as (1) sales-type, (2) direct financing, or (3) operating using criteria similar to existing GAAP. The guidance is effective beginning August 1, 2022 for NASBA. Management is currently evaluating the impact adoption of ASU 2016-02 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.

#### 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, 2022, the portion of the balance exceeding the FDIC insurance limits is approximately \$400,000. 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, 2022 or 2021.

#### Prepaid expenses

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

# NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

#### Investment securities

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

CPT's donor-restricted endowment funds are invested in accordance with 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.

#### Software development costs

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

#### Realization of long-lived assets

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

#### Net assets

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

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

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

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

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

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

**Revenue recognition**

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.

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 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>            |

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

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

Total revenue recognized over time was \$32,891,000 and \$35,045,000 for fiscal 2022 and 2021, respectively. Total revenue recognized at a point in time was \$1,162,000 and \$822,000 for fiscal 2022 and 2021, respectively.

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

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

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

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

**Revenue recognition**

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 \$197,000, \$200,000 and \$258,000 at July 31, 2022, July 31, 2021 and August 1, 2020, respectively, and are included in Receivables in the consolidated statements of financial position. Deferred revenue in the consolidated statements of financial position represents contract liabilities for which NASBA has received consideration and is obligated to transfer goods or services to the customer. These contract liabilities total \$2,247,000, \$2,258,000 and \$2,681,000 at July 31, 2022, July 31, 2021 and August 1, 2020, respectively.

**Management and administrative costs**

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

**Income taxes**

The Association is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(6)

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

**Contributed services**

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

**Note 3. Contributions Receivable**

Contributions receivable, consisting of pledges to CPT, at July 31, 2022 and 2021 total \$27,000 and \$51,000, respectively. These amounts are due in less than one year at their respective

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

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

**Note 4. Fair Value Measurement**

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

At July 31, 2022 and 2021, 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, 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 |

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4. Fair Value Measurement (Continued)**

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

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

NASBA has three investment funds which are measured at NAV as a practical expedient totaling \$508,000 and \$574,000 at July 31, 2022 and 2021 which 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 eight years from the end of fiscal 2022. These funds had a total commitment of \$750,000 in which the commitment period has ended. However, additional contributions may be required up to the total commitment during the distribution period.

In addition, four other investments totaling \$5,121,000 at July 31, 2022 and two other investments totaling \$2,605,000 at July 31, 2021 measured at NAV as a practical expedient 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 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 2022 and 2021, 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.

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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)  | 2022             | 2021             |
|---|------------------|------------------|
| Cash and cash equivalents   | \$ 17,856        | \$ 15,585        |
| Receivables   | 1,367            | 1,431            |
| Investment securities, at fair value  | 47,961           | 51,286           |
| Investment in affiliate   | 884              | 884              |
| Endowment fund (included in Other assets)   | 140              | 154              |
| <b>Total financial assets</b>   | <b>68,208</b>    | <b>69,340</b>    |
| Investment securities with liquidity horizons greater than one year                           | (508)            | (574)            |
| Investment in affiliate   | (884)            | (884)            |
| Donor-imposed restrictions on CPT financial assets  | (312)            | (291)            |
| <b>Financial assets available to meet cash needs for general expenditures within one year</b> | <b>\$ 66,504</b> | <b>\$ 67,591</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, \$20,742,000 and \$22,750,000 of long-term investment securities at July 31, 2022 and 2021, respectively, are invested in

lower risk fixed income and money market securities. In addition, \$26,711,000 and \$27,962,000 are in securities which could be liquidated within one year at July 31, 2022 and 2021, 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 \$508,000 and \$574,000 at July 31, 2022 and 2021, 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 was deemed present and no adjustment to the carrying value was made in fiscal 2022 or 2021.

**Note 7. Property and Equipment**

Property and equipment at July 31 consists of the following:

| (In thousands)                            | 2022            | 2021            |
|---|-----------------|-----------------|
| Office and computer equipment             | \$ 2,416        | \$ 2,425        |
| Furniture                                 | 1,876           | 1,935           |
| Building and leasehold improvements       | 4,402           | 4,402           |
| <b>Total Property and Equipment</b>       | <b>8,694</b>    | <b>8,762</b>    |
| Accumulated depreciation and amortization | (5,058)         | (4,600)         |
| <b>Net Property and Equipment</b>         | <b>\$ 3,636</b> | <b>\$ 4,162</b> |

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**Note 8. Software Development Costs**

The estimated amortization expense of software development costs for the succeeding five fiscal years at July 31, 2022 is as follows in thousands:

|             |    |       |
|-------------|----|-------|
| Fiscal 2023 | \$ | 1,008 |
| Fiscal 2024 |    | 1,008 |
| Fiscal 2025 |    | 992   |
| Fiscal 2026 |    | 942   |
| Fiscal 2027 |    | 942   |

NASBA also has unamortized in-progress software development costs of \$3,404,000 that were capitalized during fiscal 2022. The software development projects to which these costs relate are generally anticipated to be completed during fiscal 2024.

In addition to software development costs, certain implementation costs of hosting arrangements that are a service contract are also

capitalized. These hosting arrangements are for various software subscriptions services. The capitalized amount is included in prepaid expenses in the consolidated statements of financial position along with the prepayment of the fees for the associated hosting arrangements. The net capitalized implementation costs included in prepaid expenses at July 31 consists of the following:

| (In thousands)                             | 2022         | 2021          |
|--|--------------|---------------|
| Capitalized implementation costs           | \$ 114       | \$ 202        |
| Cumulative amount expensed                 | (76)         | (95)          |
| <b>Net Capitalized Implementation Cost</b> | <b>\$ 38</b> | <b>\$ 107</b> |

**Note 9. Paycheck Protection Program Loan**

On March 19, 2021, NASBA received an unsecured loan in the amount of \$1,938,000 to fund payroll, benefits, rent and utilities pursuant to the Small Business Administration's Paycheck Protection Program ("PPP") under the Coronavirus Aid Relief and Economic Security Act, as amended by the Paycheck Protection Program Flexibility Act of 2020. The loan accrued interest at a rate of 1%.

The balance of the loan was \$1,938,000 as of July 31, 2021. 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 consolidated statements of activities is the original principal amount of \$1,938,000 plus accrued interest of \$20,000.

**Note 10. Long-term Liabilities**

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

| (In thousands)                                | 2022            | 2021            |
|---|-----------------|-----------------|
| Accrued rent payable                          | \$ 1,288        | \$ 1,463        |
| Deferred rent credit                          | 489             | 601             |
| Accumulated postretirement benefit obligation | 225             | 331             |
| Security deposit                              | 51              | -               |
| <b>Total Long-term Liabilities</b>            | <b>\$ 2,053</b> | <b>\$ 2,395</b> |

**Note 11. Net Assets with Donor Restrictions**

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

| (In thousands)  | 2022          | 2021          |
|---|---------------|---------------|
| Time and purpose-restricted endowment investment income | \$ 47         | \$ 61         |
| Purpose-restricted Endowment fund                       | 172           | 137           |
|   | 93            | 93            |
| <b>Total Net Assets with Donor Restrictions</b>         | <b>\$ 312</b> | <b>\$ 291</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, 2022 and 2021, respectively, are \$854,000 and \$743,000.

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**Note 12. Agreements to Provide Examination Services**

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

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

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

NASBA also collects the Prometric and AICPA fees from candidates related to the examination. These funds are held in escrow accounts and are disbursed when services are provided. At July 31, 2022 and 2021, these escrow funds amounted to approximately \$19,000,000 and \$22,000,000, respectively. These funds are held in depository accounts and U.S. Treasury notes. At July 31, 2022, no portion of the escrow funds balance held in depository accounts temporarily exceeded FDIC insurance limits. Escrow funds and the related obligations are not reported in the consolidated financial statements because they do not represent assets or obligations of NASBA.

**Note 13. Retirement Plan and Other Postretirement Benefits**

NASBA maintains a 401(k) plan which allows employee and employer contributions for all full-time employees meeting specified requirements. Expenses related to NASBA's funding of the retirement plan amounted to \$664,000 and \$659,000 for fiscal 2022 and 2021, 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, 2022 and 2021, the accumulated postretirement benefit obligation was determined by an independent actuarial valuation to be \$233,000 (\$225,000 noncurrent and \$8,000 current) and \$347,000 (\$331,000 noncurrent and \$16,000 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)                           | 2022          | 2021          |
|--|---------------|---------------|
| Components of net periodic cost:         |               |               |
| Service cost                             | \$ 13         | \$ 15         |
| Interest cost                            | 6             | 5             |
| Actuarial (gain) loss                    | (124)         | 10            |
| Net periodic (credit) cost               | (105)         | 30            |
| Plan participants' contributions         | 8             | 8             |
| Benefits paid                            | (17)          | (15)          |
| Net change in benefit obligation         | (114)         | 23            |
| Benefit obligation at beginning of year  | 347           | 324           |
| <b>Benefit Obligation at End of Year</b> | <b>\$ 233</b> | <b>\$ 347</b> |

The discount rate used to value the obligation was 3.58% in fiscal 2022 and 1.89% in fiscal 2021. The assumed medical trend rate is 6.0% graded uniformly to 5.5% over a period of 2 years and the assumed dental trend rate is 4.0% per annum. The actuarial gain of \$124,000 in fiscal 2022 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.

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

The obligation will be funded on a cash basis through partial payment of medical insurance plan premiums for a five-year period at each eligible employee's retirement date. Employer contributions were \$9,000 and \$7,000 in fiscal 2022 and 2021, respectively. The following table shows approximate actuarial projections of expected future postretirement benefit payments in thousands:

|                          |    |     |
|--------------------------|----|-----|
| Fiscal 2023              | \$ | 8   |
| Fiscal 2024              |    | 15  |
| Fiscal 2025              |    | 24  |
| Fiscal 2026              |    | 18  |
| Fiscal 2027              |    | 26  |
| Fiscal 2028 through 2032 |    | 111 |

**Note 14. Commitments**

NASBA has a commitment for its Nashville office space under an operating lease that expires in January 2028. In addition, NASBA has a commitment for office space in New York. In November 2021, NASBA gave notice of termination under provisions of the New York office lease to end the lease effective October 31, 2023. NASBA also has a commitment for its Guam office space through December 2022. The Guam lease contains two, two-year options to extend the lease. In August 2022, NASBA exercised the first two-year option which extends the commitment to December 2024. Total scheduled rent payments under these leases are amortized to rent expense on a straight-line basis over the terms of the leases. Minimum lease payments, including the exercised option for the Guam lease, are as follows in thousands:

|                        |    |       |
|------------------------|----|-------|
| Fiscal 2023            | \$ | 1,798 |
| Fiscal 2024            |    | 1,694 |
| Fiscal 2025            |    | 1,629 |
| Fiscal 2026            |    | 1,634 |
| Fiscal 2027            |    | 1,683 |
| Thereafter             |    | 865   |
| Minimum Lease Payments | \$ | 9,303 |

Effective September 1, 2021, NASBA entered into a sublease agreement for its New York office space. The sublease will expire in October 2023. During fiscal 2022, NASBA accrued a loss of \$126,000 related to the sublease which is included in Occupancy expense in the consolidated statements of functional expenses. Total minimum rentals to be received in the future under the noncancelable lease term are \$180,000.

Net rent expense charged to operations for office space in fiscal 2022 and 2021 totaled \$1,731,000 and \$1,784,000, respectively. Rent expense for fiscal 2022 was reduced by \$137,000 from sublease income for the New York office space.

In addition to commitments for office space, NASBA entered into a multi-year Managed IT Services Agreement ("IT Agreement") to outsource most of the information technology services to a third party. Under the IT Agreement, the vendor will perform the majority of application and infrastructure services. While NASBA has certain termination options under the contract, if not terminated early, the aggregate contractual payments due would be \$29,223,000 (including cost of living adjustments) over the term of the contract.

In August 2022, NASBA renewed a commitment for information technology hosting services totaling \$1,875,000 over three years. In addition, NASBA has other commitments for subscription services. The total commitment for these services, including the renewal, is as follows in thousands:

|             |    |     |
|-------------|----|-----|
| Fiscal 2023 | \$ | 831 |
| Fiscal 2024 |    | 733 |
| Fiscal 2025 |    | 620 |
| Fiscal 2026 |    | 48  |

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

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**Note 15. Income Taxes**

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

| (In thousands)                       | 2022        | 2021        |
|--------------------------------------|-------------|-------------|
| Statutory federal income tax benefit | \$ (12)     | \$ (12)     |
| State income taxes                   | (4)         | (3)         |
| Change in valuation allowance        | 16          | 12          |
| Other                                | -           | 3           |
| <b>Income Tax Benefit</b>            | <b>\$ -</b> | <b>\$ -</b> |

The deferred income tax asset consists of the following:

| (In thousands)                        | 2022        | 2021        |
|---------------------------------------|-------------|-------------|
| Deferred income tax asset             | \$ 369      | \$ 353      |
| Valuation allowance                   | (369)       | (353)       |
| <b>Net Deferrred Income Tax Asset</b> | <b>\$ -</b> | <b>\$ -</b> |

At July 31, 2022, Aequo had federal and state net operating loss carryforwards of \$1,336,000. The carryforwards expire at various dates beginning July 31, 2035 for federal tax purposes and July 31, 2030 for state tax purposes. The deferred tax asset relates primarily to federal and state net operating loss carryforwards. The valuation allowance is provided primarily for the net operating loss carryforwards that management has determined have not reached the "more likely than not" threshold for realization.

NASBA has adopted the recognition requirements for uncertain income tax positions and believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on NASBA's consolidated financial position, results of operations or cash flows. Accordingly, NASBA has accrued no interest or penalties related to uncertain tax positions at July 31, 2022 and 2021. 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 2019.

**Note 16. Subsequent Events**

Management has evaluated all material events and transactions that occurred from July 31, 2022 through September 22, 2022, which is the date that the consolidated financial statements were available to be issued. Other than the subsequent events disclosed in Note 14, there were no material subsequent events that required adjustments to or disclosure in the consolidated financial statements.

# NASBA

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