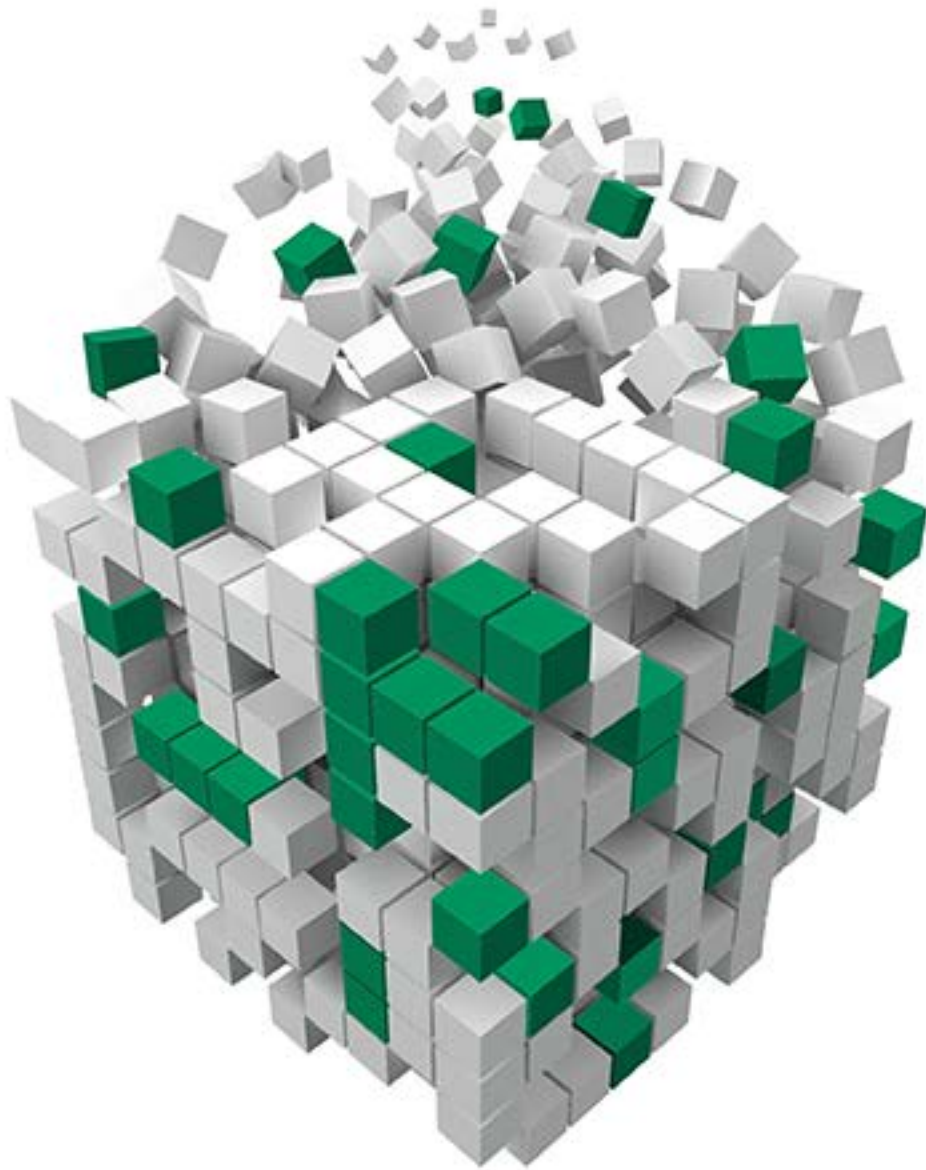


NASBA

2024 ANNUAL REPORT



INNOVATE
COLLABORATE
SUCCEED



INNOVATE COLLABORATE SUCCEED

Founded in 1908, NASBA serves as a forum for the nation’s 55 State Boards of Accountancy, which administer the Uniform CPA Examination, license approximately 672,000 Certified Public Accountants and regulate the practice of public accountancy in the United States.

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

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

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

Table of Contents

Letter from NASBA Leadership	2
Board of Directors	4
NASBA Representatives	6
Committees	7
Products and Services	24
NASBA Center for the Public Trust	30
Year in Review	32
Executive Staff and Directors	34
Financial Statements	35

LETTER FROM NASBA LEADERSHIP

NASBA's 2023 theme, "New Beginnings," was reflective of the significant transitions and transformations NASBA would experience in 2024. In November 2023, a Professional Issues Task Force was established to consider new concepts for CPA licensure that may be included in the Uniform Accountancy Act (UAA) to update the current licensure model. Significant time and energy were provided by NASBA leadership, volunteer Board of Accountancy members and other key stakeholders. It was truly an immeasurable effort that resulted in the September 2024 issuance of an exposure draft released for comment, which details the concepts of a possible additional pathway to CPA licensure. NASBA also saw the successful launch of the CPA Evolution Examination with the Business Environment and Concepts (BEC) section being replaced by a choice of one of three discipline sections. Finally, this past summer, NASBA staff and stakeholders witnessed the seamless transition in leadership within the organization.

Through the evolution of accounting regulation, we have continued to collaborate with Boards of Accountancy to address challenges and to recognize accomplishments. Therefore, this year's theme, "Innovate, Collaborate, Succeed," recognizes our innovative spirit as we work together to meet the challenges of the day and to continue our successes into the future. The imagery featured in this year's annual report is representative of state boards and NASBA working collaboratively on issues impacting public protection and the regulation of the profession. Working together, we can succeed in achieving our goals.

In the coming months, NASBA, together with the Boards of Accountancy and other key stakeholders, will be considering the adoption of an additional pathway for CPA licensure. This milestone can only be achieved with the help and guidance of our membership, the 55 U.S. State Boards of Accountancy. We will also begin work on a major technology project that will allow candidates to apply for and access their CPA Examination information through a mobile app. Another significant initiative is the launch of a formal diagnostic process where our members will tell us how they envision NASBA remaining relevant, impactful, and thriving into the future.

NASBA had another wonderful year financially as seen in our audited financial statements. During the first half of the fiscal year, the Gateway System development was completed on time and on budget, while the transition to the CPA Evolution Examination resulted in a significant inflow of candidates in the first half of the fiscal year. Together, with a larger than anticipated cohort of candidates being administered the CPA Evolution Examination in the first half of 2024, the positive Exam section volume positively impacted NASBA's operating results. Successfully completing a multi-million dollar information technology project and transitioning to a new Exam format is a testament to NASBA's highly dedicated staff. NASBA also continued its tradition of increasing its mission spending. The work performed over the last few years has set a strong foundation for our continued efforts to evolve the products and services benefitting member boards.

A primary focal point of NASBA leadership, state boards and other stakeholders has been the decline in the number of accounting students and CPA Examination candidates. In recent years, several

enhancements to the licensure process have been implemented. Early indications suggest that these enhancements may have begun to positively impact the number of students entering accounting programs. While these early indications are positive, NASBA will continue to work with the Boards of Accountancy on other initiatives that will further strengthen the "pipeline" of students seeking to become CPAs.

Another significant area of interest for Boards of Accountancy was the continued investment of private equity into public accounting firms. Concerns have been raised about the possible impact on auditor independence, the appropriate use of firm naming conventions, and jurisdictional restrictions on firm ownership structures. NASBA has held two webinars on the topic and will continue to aggregate and share information with its member boards in the coming months. In addition to private equity investment in public accounting firms, state boards also sought information about another evolving topic—employee stock ownership of public accounting firms. While a few states have enacted legislation to allow this form of firm ownership, member boards have requested that NASBA gather information that may provide for model legislation in this area.

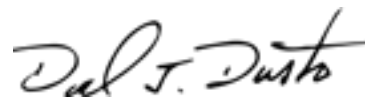
NASBA continues to maintain its diligence in both monitoring and reacting to legislative threats as they occur. Working closely with other stakeholders, we continue to protect and promote balanced, fair and effective regulation of the accounting profession.

Part of NASBA's "pipeline" initiative has been focused on increasing the diversity of the profession. In past years, NASBA's Center for the Public Trust (CPT) initiated an effort to establish new StudentCPT chapters on Historically Black College and University (HBCU) campuses. The initial success of this endeavor was seen this year when 10 students from HBCU-based StudentCPT chapters attended the StudentCPT Leadership Conference in Louisville, KY. With this success, we will continue to focus our efforts in this important area.

In closing, NASBA and the Boards of Accountancy are synonymous. Our relevance and future success is driven by the dedication of Board of Accountancy volunteers who willingly provide their talents and expertise to serve on their respective board of directors, committees, task forces, and outside appointments, thereby continuing to enhance the effectiveness and advance the common interests of the Boards of Accountancy.



Stephanie M. Saunders, CPA
Chair, 2023-2024



Daniel J. Dustin, CPA
President & Chief Executive Officer



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



From left to right: Daniel J. Dustin, Colleen K. Conrad, Stephanie M. Saunders and Ken L. Bishop.

NASBA

2023-2024 BOARD OF DIRECTORS

OFFICERS

Stephanie M. Saunders, CPA
Chair

Maria E. Caldwell, CPA
Vice Chair

Richard N. Reisig, CPA
Past Chair

Nicola Neilon, CPA
Secretary

J. Andy Bonner, Jr., CPA, CGMA
Treasurer

EXECUTIVE DIRECTORS' LIAISON

D. Boyd Busby, CPA, CGMA

PRESIDENT & CEO

Ken L. Bishop
(through July 31, 2024)

Daniel J. Dustin, CPA
(beginning August 1, 2024)

DIRECTORS-AT-LARGE

Alison L. Houck Andrew, CPA
Director-at-Large

Barry M. Berkowitz, CPA
Director-at-Large

Chandra Lalvani, CPA
Director-at-Large

Stephen F. Langowski, CPA
Director-at-Large

Jason D. Peery, CPA
Director-at-Large

Katrina Salazar, CGMA, CPA
Director-at-Large

Kenya Y. Watts, CPA
Director-at-Large

REGIONAL DIRECTORS

Nancy J. Corrigan, CPA
Pacific Regional Director

Timothy F. Egan, CPA
Northeast Regional Director

Michael Schmitz, CPA
Central Regional Director

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

Jeannette P. Smith, CPA
Southwest Regional Director

Dan Vuckovich, CPA
Mountain Regional Director

Laurie A. Warwick, CPA
Middle-Atlantic Regional Director

Gerald Weinstein, PhD, CPA
Great Lakes Regional Director

NASBA

2023-2024 BOARD OF DIRECTORS



Bottom Row (left to right): Gerald Weinstein (OH) Great Lakes Regional Director; Nicola Neilon (NV) Secretary; Richard N. Reisig (MT) Past Chair; Stephanie M. Saunders (VA) Chair; Ken L. Bishop, President and CEO; Maria E. Caldwell (FL) Vice Chair; Colleen K. Conrad, Executive Vice President and COO; Katrina Salazar (CA) Director-at-Large; Center Row (left to right): Jeannette P. Smith (TX) Southwest Regional Director; Kenya Y. Watts (OH) Director-at-Large; Timothy F. Egan (CT) Northeast Regional Director; Nancy J. Corrigan (CA) Pacific Regional Director; Laurie A. Warwick (VA) Middle Atlantic Regional Director; Alison L. Houck Andrew (DE) Director-at-Large; Stephen F. Langowski (NY) Director-at-Large; Chandra Lalvani (PA) Director-at-Large; Top Row (left to right): Troy A. Walker, Vice President and CFO; Willie B. Sims, Jr. (MS) Southeast Regional Director; Barry M. Berkowitz (PA) Director-at-Large; J. Andy Bonner, Jr. (TN) Director-at-Large; Dan Vuckovich (MT) Mountain Regional Director; Jason D. Peery (ID) Director-at-Large; D. Boyd Busby (AL) Executive Directors' Liaison; Michael Schmitz (ND) Central Regional Director; Michael R. Bryant, Sr. Vice President

VOICES

2023 - 2024 NASBA REPRESENTATIVES

Serving on Regulatory Bodies & Professional Accounting Organizations

AICPA Accounting and Review Services Committee

Alison L. Houck Andrew (2024)
Barclay Bradshaw

AICPA Auditing Standards Board

Michael Barton
Barry M. Berkowitz
Sherry Chesser
Holly Engelhardt
David Holt (2024)
Laurie J. Tish

AICPA Board of Examiners

Katrina Salazar (Chair)
Allan Cohen
Wendy Garvin
Simon Petrovik
Nadia Rogers
Emily Rollins
Jeannette P. Smith (2024)
Godson Sohwah
David Vaudt
Gerald Weinstein

AICPA Board of Examiners Content Committee

Gerald Weinstein

AICPA Board of Examiners Content Subcommittees

Deidre Budhal (2024)
Vikki Nunn
Shane Warrick
Gerald Weinstein
Brian Whitlock

AICPA Board of Examiners State Board Committee

Nadia Rogers (Chair)
Nancy J. Corrigan
Bridgett Gagne (2024)
Michael Guinigundo
Mandy Harlow (2024)
Angela Pannell
Jason D. Peery
Luis Plascencia
Shane Warrick (2024)
Jennifer Winters
Paul Ziga

AICPA National Peer Review Committee

Elizabeth Gantnier (Chair)
James Gero

AICPA Peer Review Board

Charles Prince
Sherry Chesser (2024)

AICPA Peer Review Board Oversight Task Force

William Hunter Cook (Observer)

AICPA Professional Ethics Executive Committee

J. Andy Bonner, Jr.
Aron Dunn (2024)
Brendan Fitzgerald (2024)
Alan Long
Dan Vuckovich
Kenya Y. Watts
Michael Womble

Financial Accounting Foundation

Richard N. Reisig

Financial Accounting Standards Board Not-For-Profit Advisory Council

Jeanne Dee

IAASB Consultative Advisory Group

W. Michael Fritz
Gaylen R. Hansen

IESBA Consultative Advisory Group

Gaylen R. Hansen (Chair)
W. Michael Fritz

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

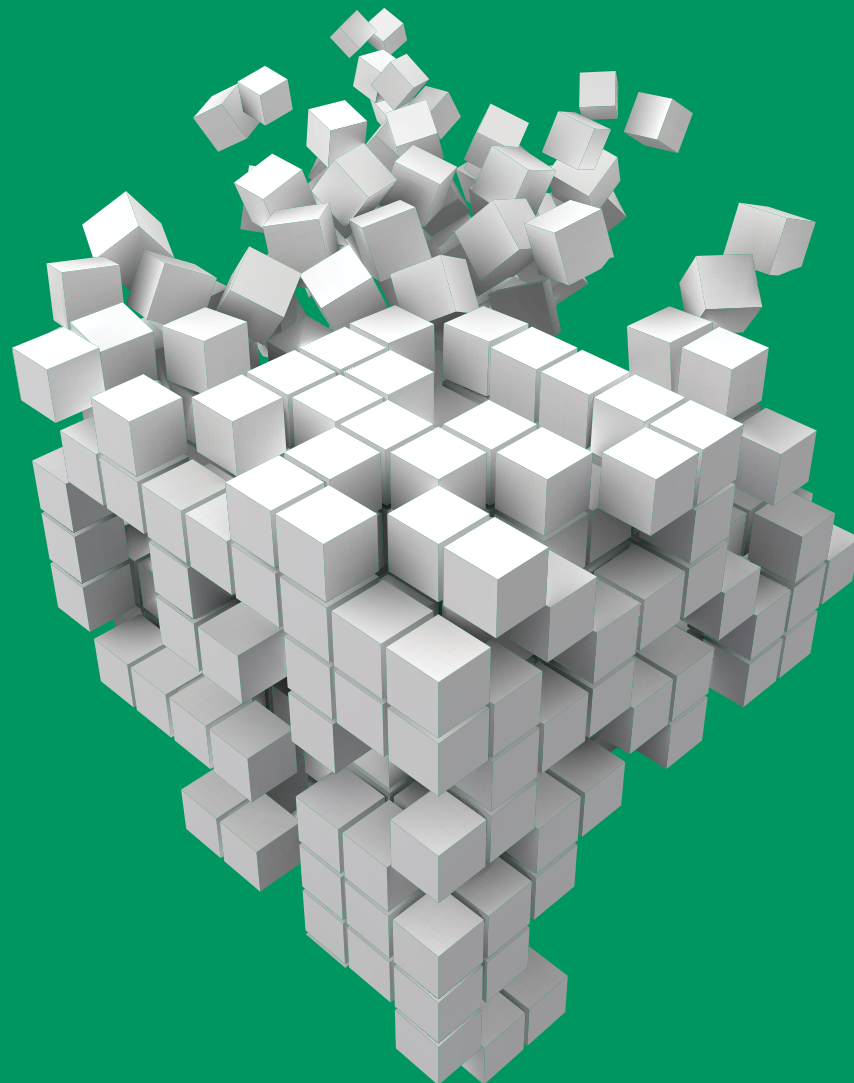
Collen K. Conrad (Observer)
Diane Rubin

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 2023-2024.

- | | | |
|--------------------------------------|--------------------------------------|--|
| Administration and Finance Committee | Examination Administration Committee | Regulatory Response Committee |
| Audit Committee | Executive Directors Committee | Relations with Member |
| Awards Committee | Inclusion Committee | Boards Committee |
| Bylaws Committee | International Qualifications | Selection Advisory Committee |
| Communications Committee | Appraisal Board | Standard-Setting and Professional Trends |
| CPA Examination Review Board | Legislative Support Committee | Advisory Committee |
| CPE Committee | Nominating Committee | State Society Relations Committee |
| Education Committee | Past Chair Advisory Council | Uniform Accountancy Act Committee |
| Enforcement Resources Committee | Peer Review Compliance Committee | |
| Ethics Committee | Professional Licensure Task Force | |



ADMINISTRATION AND FINANCE COMMITTEE

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

The Administration and Finance Committee is charged with providing oversight of the fiscal operations of the NASBA consolidated operations. The NASBA Board of Directors relies on the Committee in fulfilling its fiduciary responsibility to oversee operating, investing and mission-focused fiscal activities of the organization. The Committee held four meetings during the year. The Committee, in conjunction with management and volunteer leadership, monitors financial activities and performance, reviews financial policies, and assesses the financial strength and stability of the organization.

In fulfilling the Committee's charge, actual results for fiscal 2024 were compared to the Board of Director-approved operating and capital budgets, during each meeting. Executive and financial management reported on organizational, operational and financial activities. Management's discussion and analyses provided detailed explanations of comparisons to budget and the prior year. Updated projections and variances to the budget were also provided and discussed with the Committee throughout the year. Management also provided detail of holdings and obligations to evaluate the financial strength of the organization. Near the end of the fiscal year, the Committee reviewed the fiscal 2025 operational and capital budgets prepared by management. The Committee recommended the budgets to the Board of Directors, which were ultimately approved.

The Investment Committee, a subcommittee of the Administration and Finance Committee, also held quarterly meetings during the year. The Investment Committee considered the return and risk characteristics of NASBA's long-term investments, evaluated the investment advisor's performance in managing the long-term invested funds, including investment-related fees, and monitored compliance with the Board of Director-approved Investment Policy Statement. The Investment Committee and advisors performed an annual review of the Policy. Based on the review, the Investment Committee recommended improvements to the Policy through the Administration and Finance Committee. The Board of Directors approved these Policy changes.

AUDIT COMMITTEE

Charge: 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 46. {Immediately preceding the Independent Auditors' Report on the NASBA Consolidated Financial Statements.}

Committee Chair:

J. Andy Bonner, Jr. (TN)

Members:

Jimmy E. Burkes (MS)
Maria E. Caldwell (FL)
Larry Elmore (TN)
Michael Kintz (AL)
Melissa Ruff (NE)
Jeannette P. Smith (TX)

Staff Liaisons:

Philip A. Groves
Troy A. Walker



Committee Chair:

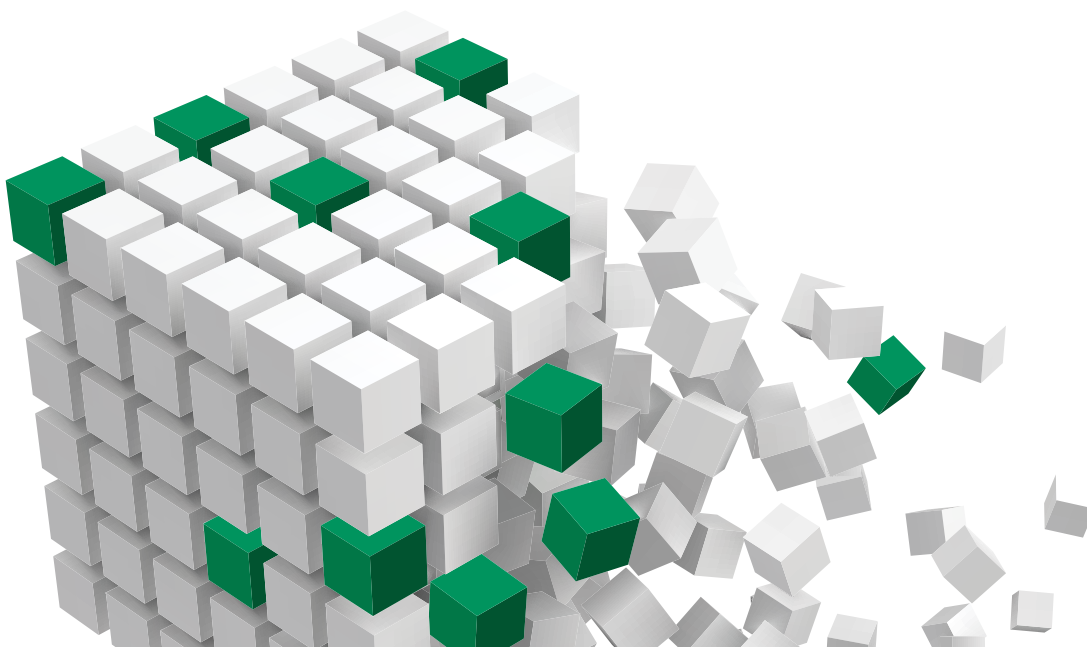
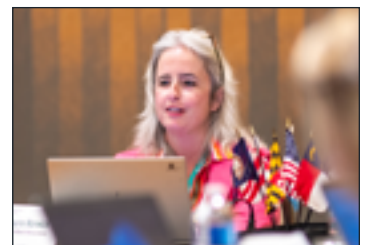
Laurie A. Warwick (VA)

Members:

Phillip Austin (IL)
Bernita Demery (NC)
Tyrone E. Dickerson (VA)
Aron Dunn (KS)
Leilani Rodrigo (IL)
Debra D. Seefeld (TX)

Staff Liaisons:

Philip A. Groves
Troy A. Walker



Committee Chair:
W. Michael Fritz (OH)

Members:
Harry O. Parsons (NV)
Donovan W. Rulien, II (AK)
Sandra Siegfried (OK)
Sandra A. Suran (OR)
Lydia M. Washington (NY)

Staff Liaison:
Cassandra A. Gray



AWARDS COMMITTEE

Charge: 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 2024 Call for Award Nominations May 2 - June 30, 2024. The Committee met on July 16, 2024, via Zoom, to discuss the awards criteria and slate of nominees for the William H. Van Rensselaer Public Service Award, the NASBA Distinguished Service Award and the Lorraine P. Sachs Standard of Excellence Award. As an outcome of this meeting, the Committee submitted recommendations of award finalists and proposed revisions to the awards' criteria to the NASBA Board of Directors for approval. The NASBA Board of Directors approved the Committee's recommendations during its July 2024 meeting.

NASBA will recognize the following 2024 award recipients during its 117th Annual Meeting, October 27-30, 2024, in Orlando, FL.

- Telford A. Lodden, CPA (IA) – 2024 William H. Van Rensselaer Public Service Award Recipient
- Jimmy E. Burkes, CPA (MS) – 2024 NASBA Distinguished Service Award Recipient
- Doreen Johnson (MN) – 2024 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 Chair:
Jason D. Peery (ID)

Members:
Deidre N. Budahl (SD)
Edward C. David (NH)
Larry Hunter (ID)
Lynn V. Hutchinson (LA)
John Lauchert (NY)
John B. Peace (AR)

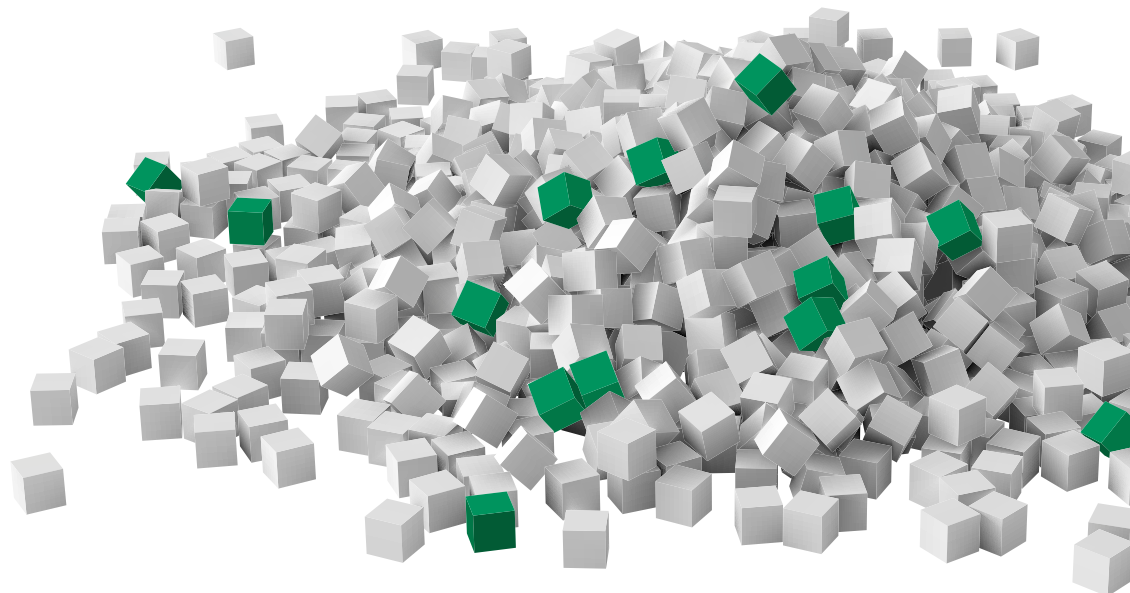
Staff Liaison:
John W. Johnson



BYLAWS COMMITTEE

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

To consider changes to the Bylaws, the NASBA Bylaws Committee met three times in 2023-2024, two times virtually and one in-person meeting in conjunction with the Eastern Regional Meeting. With direction from NASBA leadership and assistance from the legal staff, the Bylaws Committee is proposing changes to sections four (4) and seven (7) of the Bylaws. Changes proposed include a numerical reference update, changes to the sections referencing the Selection Advisory Committee, and changes to sections providing direction to the Nominating Committee. The proposed changes will help provide clarity for the noted committees and will be presented at the 117th Annual Meeting in October 2024.



COMMUNICATIONS COMMITTEE

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

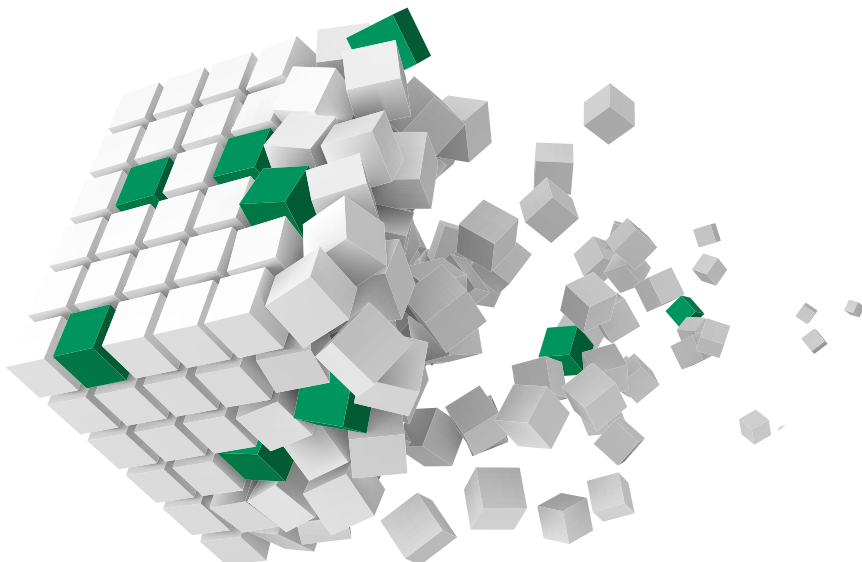
During the 2023-2024 committee year, members of the NASBA Communications Committee examined ways in which Boards of Accountancy provide communications outreach to key stakeholder groups. To support this initiative, the Committee hosted Communications Breakfast Meetings during NASBA's 2024 Regional Meetings and the 117th Annual Meeting. The Breakfast Meetings served as a forum for state board representatives to learn about the latest communications trends and resources, share best practices and hear first-hand how boards are using communications to drive the CPA pipeline, conduct awareness campaigns on the importance of the accounting profession, educate licensees and the public on the relevance of state boards, collaborate with NASBA and State CPA Societies, and creatively reach various key target audiences.

The Committee also collaborated with NASBA's Communications Department to continue the promotion of the Communications & Outreach Program to non-participating state boards. During 2023-2024, the Communications Department produced more than 200 complimentary creative collaterals on behalf of approximately 45 Boards of Accountancy. These collaterals consist of mass email campaigns, digital newsletters, infographics, banners, annual reports and brochures, quick polls and surveys, videos and social media consultation. Additional details on NASBA's Communications & Outreach Program, including a library and sample templates, are available on nasba.org/outreach.

CPA EXAMINATION REVIEW BOARD

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

The CPA Examination Review Board has evaluated the significant adherence with policies and procedures utilized in the preparation, grading and administration of the Uniform CPA Examination and the International Qualification Examination for the licensing of certified public accountants from October 1, 2023, through September 30, 2024. The evaluation, using an evergreen, risk-based approach, included observation of processes, inquiry, and inspection of pertinent records. Based on the Board's evaluation, nothing came to its attention that would prevent the Boards of Accountancy of the 55 jurisdictions of the United States from relying on the Uniform CPA Examination and the International Qualification Examination in fulfilling their licensing responsibilities.



Committee Chair:
Dan Vuckovich (MT)

Members:
Susan I. Adams (TX)
Bruce Bradford (NM)
Martrice Caldwell (IL)
Janice L. Culver (OH)
Daniel J. Geltrude (NJ)
John M. Griesbeck (TN)
Rachel Hanks (AK)
Ashley Plyushko (AR)
Rita M. Prince (AL)
Susan M. Strautmann (WI)
Yen Tu (CA)

Staff Liaisons:
Cassandra A. Gray
Thomas G. Kenny

Committee Chair:
Faye D. Miller (ND)

Members:
A. Carlos Barrera (TX)
Ruben A. Davila (CA)
Raymond N. Johnson (OR)
Chandra Lalvani (PA)

Consultant:
Suzanne Lane

Staff Liaisons:
Julie James
James Polite



Committee Chair:

Willie B. Sims, Jr. (MS)

Members:

Michael D. Armstrong, Jr.
(ID)

Sarah Borchers (NE)

Amr S. Elaskary (OH)

Olivia Espinoza-Riley (TX)

Robert L. Goldfarb (NY)

Lance Johnson (AK)

Christi Olsen (NE)

John H. Schuyler (CT)

Brian R. Thomas (WA)

Gary L. Walker (MS)

Shane Warrick (AR)

Staff Liaisons:

Jessica Luttrull

Amy Tongate



CONTINUING PROFESSIONAL EDUCATION (CPE) COMMITTEE

Charge: 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 CPE Committee met in February 2024. The purpose of the meeting was to introduce the Committee members and discuss the role of the CPE Committee in relation to the Statement on Standards for Continuing Professional Education (CPE) Programs (Standards) and the operations of the National Registry of CPE Sponsors.

In April 2024, a small task force of the CPE Standards Working Group (Working Group), a sub-committee of the CPE Committee, met in Nashville, TN, to begin the Instructional Delivery Method project. During the process of the last revisions cycle of the Standards, the Working Group considered the advancements in technology, the transformative impact of Artificial Intelligence (AI) and other innovations in learning and learning modalities that seem to be blurring the lines of how the instructional delivery methods for CPE programs are currently defined in the Standards. The Working Group believes that it is time to holistically reconsider the instructional delivery methods and challenge what those might be in the future. The task force met virtually several times over the summer and presented its proposed recommendation to the Working Group in September 2024 for consideration.

The National Registry Summit was held September 17-18, 2024, in Nashville, TN. The purpose of this event is to provide CPE program sponsors with information on trends in adult learning, emerging technologies and innovations in learning along with information and resources to assist in the implementation of the Standards in an environment that encourages sharing and networking. Sessions for the 2024 Summit included: resilience and adapting to change, making learning environments and materials accessible, transferring knowledge/skills between contexts, AI as it applies to learning and how to assess AI tools for use in organizations.

EDUCATION COMMITTEE

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

The Education Committee met in January 2024 to review its committee charge and establish a task force to review proposals submitted for the NASBA Accounting Education Research Grant program.

A total of 14 grant proposals were received. The task force met in April 2024 to review and discuss the proposals to make its recommendation to the full Education Committee. Following the task force’s meeting, the Education Committee met to discuss the task force’s recommendations. Chair Houck provided an overview of the grant proposals received and the process followed by the task force to determine its recommendation to the Committee. Task force members discussed the merits of each of the proposals and reached consensus to recommend three proposals for consideration by the NASBA Board of Directors at its April 2024 meeting. All three research grant proposals were approved for funding by the NASBA Board of Directors.

In June 2024, an email communication was sent by the staff liaison (on behalf of NASBA) to the Education Committee requesting they respond with feedback on the Accounting Talent Solutions Draft Report released by the National Pipeline Advisory Group (NPAG). The area of focus for the Committee was competency-based education models within the NPAG Licensure Recommendations section of the report.

Committee Chair:

Alison L. Houck Andrew (DE)

Members:

Deepak Bansal (VI)

Tonia Campbell (WA)

Ann Burstein Cohen (NY)

Renee Foshee (TX)

Tammy Gerszewski (ND)

Steve Grice (AL)

Marc Moyers (VA)

Suzanne Owens-Ott (CO)

Simon Petravick (IL)

Annette K. Pridgen (MS)

Ainsley A. Reynolds (NJ)

Douglas W. Skiles (NE)

Staff Liaison:

Julie James

ENFORCEMENT RESOURCES COMMITTEE

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

The 2023-2024 committee year was a busy one for the Enforcement Resources Committee (ERC).

Enforcement Newsletter: The ERC published another edition of the newsletter in June 2024. The newsletter included articles on the National Candidate Identification Number (NCID) initiative, CPE Audit Service Strengthening CPE Compliance, NASBA's CPT Ethical Leadership Training Program utilized as a no cost option for state board discipline, information about the ERC's DOL project, and an Enforcement Legislative Update. The Committee plans to publish another edition of the newsletter this winter or early spring.

Department of Labor Project: It is a common goal of the Department of Labor (DOL) and State Boards of Accountancy (state boards) that CPAs who perform benefit plan audits do so in accordance with professional standards to protect the interest of plan participants and beneficiaries. Representative of NASBA's legal team spoke with representatives from the Office of the Chief Accountant at the DOL this year regarding recent audit deficiency referrals. The DOL representatives clarified that this year's referrals were the result of two separate DOL initiatives. One was the most recent DOL Audit Quality Study for which the DOL issued a report in November 2023 (the "DOL Audit Quality Study"). The second was review of audits submitted in 2021 after SAS 136 went into effect (the "2021 Audits Review"). State boards may have received referrals that fall in either or both of the categories, and NASBA shared information via email regarding how the two categories differ so as to avoid confusion in how state boards may have decided to proceed with discipline.

As a result of this collaborative effort for audit deficiency referrals, the ERC encouraged state boards to take a closer look at a list of comprehensive DOL referrals sent to NASBA by the DOL. Each state board was sent a complete list of their own audit deficiency referrals dating back to 2016 through the present and was asked to verify whether they received the referral and if so, what, if any, discipline was assessed. The ERC is still actively collecting this information from state boards and plans to publish its findings, of the publicly available information collected, with state boards before the end of the year. The ERC believes sharing the statistics gleaned from this project will help educate new state board staff on what a DOL referral is, how to address it, and the disciplinary measures that may be available in the state board enforcement process. In conjunction with this effort, the ERC plans to update the federal agency portion of the Enforcement Tools website with details of how to handle a DOL referral.

Enforcement Focused Training Webinars: Several executive directors and state board investigation staff have continued to request detailed training on enforcement procedures and resources. In 2022, the ERC created a four-part webinar training series to address this need. The series was a great success and received many compliments from new and veteran executive directors alike. The ERC plans to produce another multi-part series this fall/early winter, which will include the following topics: Investigations, Administrative Procedures and Administrative Hearings, Federal Enforcement, Good Moral Character, Legal Cases, Disciplinary Process, CPE Ethics and will feature a Board Counsel Panel and a CPT Speaker on an Ethical Leadership Course for state board discipline among other sessions. For this version of the webinar series, the ERC plans to open the presentations to state board members for their educational benefit as well.

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

The ERC met in-person on August 13-14, 2024, at NASBA headquarters in Nashville, TN. The ERC diligently worked with the efforts mentioned above, and also enjoyed networking opportunities with each other and hearing from several NASBA staff on supporting enforcement initiatives.

Committee Chair:

Nancy J. Corrigan (CA)

Members:

Louis J. Costanzo, III (WV)

Bridgett Gagne (DC)

John R. Helms (KS)

Kristi A. Justice (WV)

James R. Mintert (MO)

D. Michael Payseur (NC)

Eileen L. Poiani (NJ)

Dan Sweetwood (NE)

Todd M. Tolbert (GA)

Ryan Whitman (NV)

Staff Liaison:

Elizabeth Wolfe



Committee Chair:

Kenya Y. Watts (OH)

Members:

- Paul Balas (MI)
- Barton W. Baldwin (NC)
- Donald H. Burkett (SC)
- Dawn M. Carlson (IL)
- John Curzon (OK)
- Susan Q. Ferguson (VA)
- G. Gregory Gilbert (TN)
- Toni Hackwith (ID)
- Charles Selcer (MN)
- Steven Smith (AL)
- Jeffrey S. Strand (SD)
- Lawrence A. Wojcik (IL)

Staff Liaison:

Daniel J. Dustin

ETHICS COMMITTEE

Charge: 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 2023-2024 committee year was a busy period with the release of several exposure drafts for public comment. The Ethics Committee met twice in March 2024 to discuss two exposure drafts from the International Ethics Standards Board for Accountants (IESBA): *Using the Work of an External Expert and Proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA) and Other Revisions to the Coded Relating to Sustainability Assurance and Reporting*. Once completed, comment letters on both exposure drafts were forwarded to the Regulatory Response Committee.

The Committee met again in July 2024 to discuss two exposure drafts from the AICPA PEEC: *Proposed revised interpretation – Executive or Employee Recruiting and Proposed revised interpretation – Tax Services*. Comment letters on both exposure drafts were written and forwarded to the Regulatory Response Committee.

The Committee met a final time in October 2024 to discuss an exposure draft from the AICPA PEEC: *Proposed revised interpretation - Section 529 Plans*. A comment letter on the exposure draft was written and forwarded to the Regulatory Response Committee.

EXAMINATION ADMINISTRATION COMMITTEE

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

The Examination Administration Committee kicked off its meeting year on November 28, 2023, with a virtual meeting. The Committee reviewed its charge, recapped the accomplishments of the 2022-2023 year and set the goal to support the transition to CPA Evolution. Other topics of discussion were the status of jurisdictions’ adoption of the model Uniform Accountancy Act (UAA) rule regarding moving from 18 to 30 months and the status of the Credit Relief Initiative.

The Committee met virtually on May 29, 2024, to discuss CPA Evolution, exam volume, scores and pass rates for discipline sections. In July 2024, the Committee met jointly with the Executive Directors Committee to discuss volume, scores and pass rates for both core sections.

On September 18, 2024, the Committee met in-person in New Orleans, LA. During this meeting, the Committee discussed plans for ensuring Prometric is prepared to handle the anticipated volume in May 2025 and June 2025 due to the high volume of sections expiring on June 30, 2025. NASBA will begin a communications plan to encourage candidates with credit expiring to schedule early. Additionally, the Committee received an update on the Credit Relief Initiative as well as a report on the adoption of the UAA Model Rules and implementation to extend the credit window from 18 to 30 months. The AICPA presented information on test volumes, pass rates, candidate survey data, the 2025 Test Administration and Score Release Schedule and the Cloud Driver NAP Project. The Committee suggested changing some of the language on the Test Administration and Score Release Schedule to avoid candidate confusion. NASBA staff also provided an update on exam operations, including the development of a CPA Mobile App.

Committee Chair:

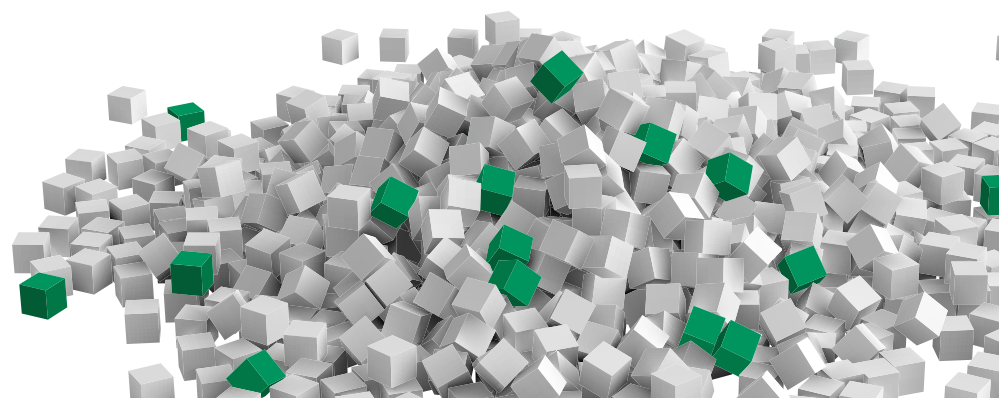
Barry M. Berkowitz (PA)

Members:

- Frederick G. Briggs, Jr. (NH)
- Pamela Church (TN)
- Wendy S. Garvin (TN)
- Nicole Kasin (SD)
- Jayne D. Maas (SC)
- Carla Ratchford (IL)
- David Sanford (GU)
- Susanna Sharpe (SC)
- Susan L. Somers (KS)
- Barrett E. Young, III (MD)

Staff Liaisons:

Patricia Hartman
James Polite



Committee Chair:

D. Boyd Busby (AL)

Members:

- Lisa Benefield (LA)
- Tarryn Demers (WY)
- Nancy Glynn (VA)
- Mandy Harlow (ND)
- Martin Pittioni (OR)
- Carla Ratchford (IL)
- Roger Scarborough (FL)
- Jennifer Winters (NY)

Staff Liaisons:

- Kent A. Absec
- Patricia Hartman

EXECUTIVE DIRECTORS COMMITTEE

Charge: Support Executive Directors in their roles with Boards of Accountancy.

The Executive Directors (ED) Committee is made up of directors from each of the eight regional areas, aided by NASBA liaisons. The Committee was responsible for coordinating the 42nd Annual Conference for Executive Directors and Board Staff, which was held March 25-27, 2024, in Nashville, TN, in conjunction with the 29th Annual Conference for Board of Accountancy Legal Counsel. Hosting the conference in Nashville offered a unique and helpful opportunity for the participants to tour the NASBA offices, receive presentations from the various business units and meet individually with staff.

This year has been one of many challenges. The issues facing public protection, individual states, education, and the accounting profession have been profound and will shape the focus of public protection along with the profession for years to come. The executive directors addressed these and other issues in open communication held not only in breakout sessions at the conferences but also in monthly Zoom meetings. The issues discussed at the conferences and monthly calls included pathways to licensure, CPA Evolution and score release dates, the change to the 30-month credit retention period, the credit relief initiative, mobility, alternative practice structures, which includes private equity and Employer Stock Ownership Plans (ESOP) ownership of firms, use of title and the potential to update the Accountancy Licensee Database (ALD).

Committee Chair:

Chandra Lalvani (PA)

Members:

- Roseann Abraham (IL)
- J. Coalter Baker (TX)
- Thuy T. Barron (WI)
- Tamara Basso Bensky (MD)
- Sanjay Bhakta (NM)
- Tanya G. Greenlee (SC)
- Deltrease Hart-Anderson (SC)
- Janice Hodge (VI)
- Gary R. Massey (NC)
- Randa Vernon (OK)

Staff Liaison:

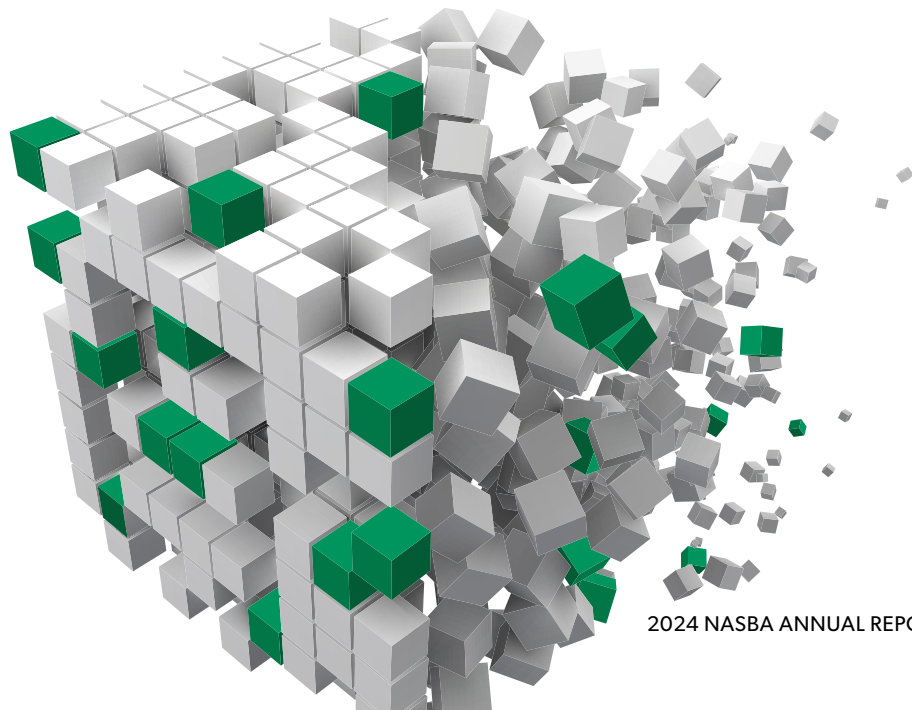
Julie James

INCLUSION COMMITTEE (FORMERLY DIVERSITY COMMITTEE)

Charge: Provide opportunities, encouragement and support to underrepresented NASBA members to participate in service and leadership roles.

The Committee continued its outreach to new Board of Accountancy members from across the country to encourage their involvement in NASBA. This communication contributed to increased involvement of new members. In addition, the Committee continued to work with State CPA Society executives to develop a program to prepare candidates for recommendations for Board of Accountancy positions.

To assist with building a more inclusive CPA candidate pipeline, the Committee remained partnered with the NASBA Center for the Public Trust's HBCU Initiative. Through this program, greater exposure to the accounting profession is provided to Historically Black Colleges and Universities (HBCUs) across the country. Alongside this work, the Committee invited a diverse group of students to be panelists during NASBA's 2024 Regional Meetings to share their experiences and perspectives about the profession.



INTERNATIONAL QUALIFICATIONS APPRAISAL BOARD

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

Chair Sharon A. Jensen held a virtual International Qualifications Appraisal Board (IQAB) meeting on October 17, 2023. Among the topics discussed were the future exit of CPA Ontario and CPA Quebec from CPA Canada, the meeting between NASBA and AICPA leadership with the Financial Reporting Council (FRC) in London, and the Mutual Recognition Agreements (MRAs) set to expire in 2024.

The Committee held additional virtual meetings in August 2024 and September 2024 regarding the below topics:

- The merger of CA Ireland and CPA Ireland
- FRC's letter to NASBA and the AICPA on August 7, 2024
- NASBA and the AICPA's response letter to the FRC on August 29, 2024
- A task force created for the review of the expiring MRA (December 31, 2024) with the South Africa Institute of Chartered Accountants (SAICA)
- The future direction and potential new models for establishing MRAs
- The MRA with The Institute of Chartered Accountants of Scotland (ICAS) was not renewed and expired after August 27, 2024.

Committee Chair:

Sharon A. Jensen (MN)

Members:

Martin G. Fennema (FL)

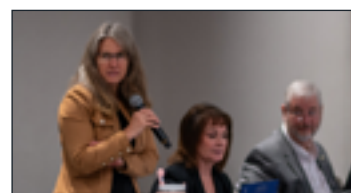
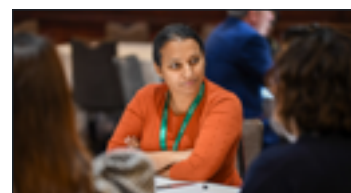
Joseph Petito (MD)

William Treacy (TX)

Staff Liaisons:

Kyle Barrier

Patricia Hartman



LEGISLATIVE SUPPORT COMMITTEE

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

The Legislative Support Committee believes awareness is pivotal to regularly inform and mobilize state boards on issues impacting the accounting profession.

To aid in this effort, NASBA's Department of Legislative and Governmental Affairs identifies and monitors legislation and executive orders around the country with regulatory impact. During the 2024 legislative session, 1,289 bills were monitored, 61 were filed in 2023 that rolled over to 2024; 256 had a direct impact on accounting profession regulation; and of these, 112 concerned anti-regulation.

Anti-regulatory organizations continue to develop and promote federal and state legislation designed to eliminate or significantly reduce occupational licensing regulations and oversight. If implemented, these could be severely detrimental to the protection of a public that relies heavily on the integrity of the accounting profession.

In response, 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. In addition, the Legislative Support Committee has been gathering research and working on a white paper to support the importance of each Board of Accountancy maintaining a dedicated executive director and enforcement staff. The preliminary data indicates that doing so ensures the board's ability to operate at a level that is commensurate with their responsibility to act in the public interest.

In addition to monitoring current legislation, executive orders, and other regulatory activity impacting the accounting profession, the Committee continues to cultivate a strong internal network program that can proactively and positively influence governmental affairs when important legislation/executive orders are identified. This initiative is called the 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.

Committee Chair:

Katrina Salazar (CA)

Members:

J. Earl Blackmon (AL)

Todd Dailey (SC)

Joseph S. Drew (DC)

Patty Faenger (MO)

Margaret Ann Gilmore (OH)

Michael Huotte (MT)

Carlos E. Johnson (OK)

Angela Meggett-Strudwick (DC)

Dale G. Mullen (VA)

Nick Myers (MO)

Kevin Oakey (ID)

Justin E. Rojas (CO)

Staff Liaison:

John W. Johnson

NOMINATING COMMITTEE

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

On May 7, 2024, the Nominating Committee met in Dallas, TX, to interview candidates for the 2024-2025 vice chair position. On July 9-10, 2024, the Nominating Committee met in Nashville, TN, to interview 23 candidates for regional director and director-at-large Board of Directors positions. The 2023-2024 Nominating Committee has nominated the following officers and directors to be voted on by the member Boards of Accountancy at the Annual Business Meeting in October 2024, in accordance with Article VII, Sections 7.2 and 7.3, and Article IV, Section 4.5, of NASBA's Bylaws:

Vice Chair

- Nicola Neilon (NV – Associate)

Directors-at-Large (first year of three-year term)

- J. Andy Bonner, Jr. (TN – Delegate; first term)
- Jason D. Peery (ID – Delegate; first term)
- Michael Schmitz (ND – Associate; first term)

Regional Directors (one-year term), a Regional Director may serve three one-year terms

- Central: Melissa Ruff (NE – Delegate; first term)
- Great Lakes: Thuy Barron (WI – Delegate; first term)
- Pacific: Haley Lyons (OR – Delegate; first term)
- Southeast: Wilhelmus Schaffers (AL – Delegate; first term)
- Middle Atlantic: Laurie Warwick (VA – Delegate; second term)
- Mountain: Dan Vuckovich (MT – Delegate; second term)
- Northeast: Timothy F. Egan (CT – Delegate; second term)
- Southwest: Jeannette P. Smith (TX – Delegate; second term)

The following NASBA Board members will continue to serve for the balance of their unexpired terms. At-large directors may serve two three-year terms. For purposes of Bylaws Section 4.5.7 compliance, an at-large director's status as a delegate or associate is based upon their status when elected.

Committee Chair:

Richard N. Reisig (MT)

Members:

Susan I. Adams (TX)	Alternate Southwest Region
Angela L. Avant (DC)	Middle Atlantic Region
Dawn M. Carlson (IL)	Great Lakes Region
Manuel Cavazos, IV (TX)	Southwest Region
Lori J. Druse (NE)	Central Region
Kerry Eaton (NV)	Mountain Region
Robert L. Goldfarb (NY)	Northeast Region
John R. Helms (KS)	Alternate Central Region
Clayton J. Huffman (GA)	Alternate Southeast Region
Michael Kintz (AL)	Southeast Region
Theodore W. Long, Jr. (OH)*	Alternate Great Lakes Region
Joseph Petito (MD)	Alternate Middle Atlantic Region
Michael M Savoy (CA)	Alternate Pacific Region
John H. Schuyler (CT)	Alternate Northeast Region
Susan M. Strautmann (WI)	Alternate Great Lakes Region
Brian R. Thomas (WA)	Pacific Region
Brian Wallace (NV)	Alternate Mountain Region

Staff Liaisons:

Melissa Brennan
Daniel J. Dustin

*Mr. Long passed away in July 2024. The Great Lakes Region voted Susan M. Strautmann (WI) to fill this position.

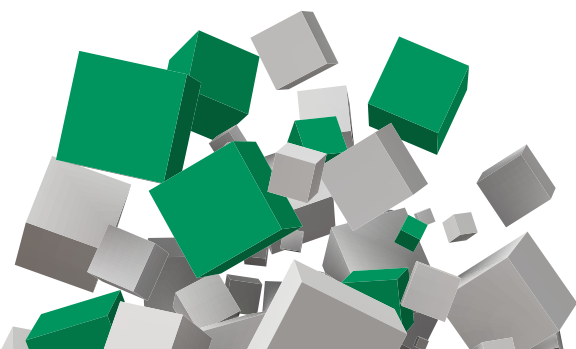
Directors-at-Large (second year of three-year term)

- Alison L. Houck Andrew (DE – Associate; first term)
- Barry M. Berkowitz (PA – Associate; first term)
- Open Position (the board will appoint someone to fill Nicola Neilon's term for two more years.)

Directors-at-Large (third year of three-year term)

- Stephen F. Langowski (NY – Associate; first term)
- Katrina Salazar (CA – Delegate; first term)
- Kenya Y. Watts (OH – Associate; first term)

-
- Maria E. Caldwell (FL – Associate), 2023-2024 Vice Chair, will accede to the office of chair.
 - Stephanie M. Saunders (VA – Associate) will accede to the office of past chair upon the installation of Ms. Caldwell as chair.



PAST CHAIR ADVISORY COUNCIL

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

On October 28, 2023, the Past Chair Advisory Council met in New York, NY, prior to the 2023 Annual Meeting, to discuss trending topics and receive updates regarding NASBA operations and finances, as well as the regulation of the accounting profession.

NASBA 2023 Annual Reports containing the FYE July 2023 Financial Report were distributed to all past chairs. NASBA had a very successful financial year, with mission spending increasing 14.7% over FY22 and net assets continuing on a positive trajectory to a record high of \$79.6 million, with a 10.9% increase over FY22.

President and CEO Ken L. Bishop shared organizational updates, including the upcoming retirement of Senior Vice President and CFO Michael R. Bryant in December 2023. He also spoke about NASBA's current efforts on behalf of Boards of Accountancy. Executive Vice President and COO Colleen K. Conrad provided an operational update including the status of the CPA Evolution IT Project, plus the upswing in volume in advance of the conversion to the new CPA Exam in January 2024 and all efforts to ensure a smooth transition.

The Council had deep dive discussions on multiple trending topics including continuing pipeline concerns and formal initiatives in place and under discussion, the recent focus on education requirements for the CPA Examination and licensure, the introduction of private equity models in firm structures, and legislative trends at both the federal and state levels.

Past chairs serving in national standard-setter and oversight 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 Theodore W. Long, Jr., 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 2023 Annual Meeting.

Committee Chair:

Chair: Richard N. Reisig (MT)

Members:

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

Staff Liaisons:

Colleen K. Conrad
Noël Dedmon



Committee Chair:

Michael Schmitz (ND)

Members:

William Blend (FL)
 Sherry L. Chesser (AR)
 Wm. Hunter Cook (NC)
 Keri A. Ellis (PA)
 Elizabeth Gantnier (MD)
 James P. Gero (OH)
 Janice L. Gray (OK)
 David Holt (ND)
 David R. Nance (NC)
 Thomas G. Neill (WA)
 Charles R. Prince (MS)
 Jay Tolsma (SD)
 Viki A. Windfeldt (NV)

Staff Liaison:

Daniel J. Dustin

PEER REVIEW COMPLIANCE COMMITTEE

Charge: Promote effective oversight of practice quality of CPAs and their firms.

The Committee held its initial meeting in November 2023 to review its charge and to prepare for a joint meeting with the AICPA's Oversight Task Force. The primary focus of the joint meeting was for Committee members to hear an overview of an upcoming Peer Review Board exposure draft.

The Committee met in February 2024 to discuss an AICPA Peer Review Board (PRB) exposure draft titled "Proposed Peer Review Standards Update No. 2, Reviewing A Firm's System of Quality Management and Omnibus Technical Enhancements" that was summarized during the previously held joint meeting. In its draft comment letter, the Committee provided comments on technical issues related to the implementation of certain aspects of the exposure draft. A comment letter was drafted and forwarded to NASBA's Regulatory Response Committee.

The Committee continues to monitor the activities of the AICPA's Peer Review Board and the Oversight Task Force.

Committee Chair:

Stephanie M. Saunders (VA)

Members:

Robert Cedergren (MN)
 Susan Coffey (AICPA)
 Megan E. Durst (OH)
 Steve Grice (AL)
 David Knoble (SC)
 Nicola Neilon (NV)
 Boyd Search (GA)
 William Treacy (TX)

Staff Liaisons:

Kent A. Absec
 Daniel J. Dustin
 John W. Johnson

Observer:

Ken L. Bishop

PROFESSIONAL LICENSURE TASK FORCE

Charge: Consider new concepts for CPA licensure that may be included in the UAA to update the current licensure model.

NASBA Chair (2023-2024), Stephanie M. Saunders, announced during her inaugural address that she would establish a Professional Licensure Task Force (PLTF) charged with considering new concepts for CPA licensure that may be included in the Uniform Accountancy Act (UAA) to update the current licensure model.

After numerous meetings, the Task Force released a concept exposure to members of the Boards of Accountancy and executive directors asking if the PLTF should continue to focus its discussions on an equivalent path to licensure that defines a structured professional program that would qualify an individual for licensure as a CPA. The result of the concept exposure was an overwhelming yes to have the Task Force continue with its charge.

Throughout the year, the PLTF worked collaboratively with the AACSB Accounting Accreditation Policy Group, a group of State CPA Society government relations officers and NASBA's State Society Relations Committee with a key moment coming on May 2, 2024, when a joint meeting was held between the PLTF and the National Pipeline Advisory Group's (NPAG) Substantial Equivalency (SE) work group. During this meeting, it was agreed that a joint sub-work group would be established between the PLTF and NPAG SE to further explore and develop an alternate off-transcript experiential learning pathway.

Subsequent meetings of the joint work group resulted in the members agreeing to establish two sub-work groups to focus on (1) the development of common skills and competencies that a newly licensed CPA should have (model); and (2) a national framework and standards on how the program functions (standards).

The culmination of the work of these sub-work groups was a presentation to the PLTF on the Competency-Based Experience Pathway, which would be an additional licensure pathway defined in the UAA. The PLTF also supported and recommended the release of an exposure draft on September 12, 2024, with a comment period end date of December 6, 2024.

A total of 22 meetings of the PLTF, the joint PLTF/NPAG group and its sub-work groups were held during the year.



REGULATORY RESPONSE COMMITTEE

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

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

Committee Chair Stephen F. Langowski convened an in-person meeting in January 2024 and multiple Zoom meetings throughout the committee year, followed by requests for careful reviews of the Committee's work in progress. The regional directors were invited to participate in the Committee's meetings, and the NASBA Board of Directors was given the opportunity for a fatal flaw review of all letters signed by NASBA's chair and president and CEO prior to the letters' submissions to the originating organizations. The responses can be found on NASBA's website.

Committee Chair:

Stephen F. Langowski (NY)

Members:

Alan R. Augenstein (AZ)
 Andrew Blossom (NE)
 Suzanne Wood Bruckner (NM)
 David L. Cotton (VA)
 Robert F. Fay (OH)
 Arthur E. Flach (MD)
 W. Michael Fritz (OH)
 Gaylen R. Hansen (CO)
 Richard Isserman (NY)
 Frederick R. Kostecki (MO)
 Carole McNees (MI)
 Kevin N. Monroe (TN)

Staff Liaison:

Jessica Luttrull

EXPOSURE DRAFTS		
Source	Topic	Date Replied
PEEC	Proposed Revised Interpretation – Tax Services	9/2/2024
PEEC	Proposed Revised Interpretation – Executive or Employee Recruiting	9/2/2024
PCAOB	Proposed Auditing Standard – Designing and Performing Substantive Analytical Procedures and Amendments to Other PCAOB Standards	8/8/2024
Financial Accounting Foundation	Request for Comment – Review of the Private Company Council	5/29/2024
AICPA Peer Review Board	Proposed Peer Review Standards Update No. 2, Reviewing a Firm's System of Quality Management and Omnibus Technical Enhancements	5/29/2024
IESBA	Proposed International Ethics Standards for Sustainability Assurance and Other Revisions to the Code Relating to Sustainability and Reporting	5/9/2024
IESBA	International Code of Ethics for Professional Accountants - Using the Work of an External Expert	4/24/2024
PCAOB	Proposals Regarding False or Misleading Statements Concerning PCAOB Registration and Oversight and Constructive Requests to Withdraw from Registration	4/9/2024
IAASB	Proposed Narrow Scope Amendments to ISQM; ISA; and ISRE 2400 (Revised), Engagements to Review Historical Financial Statements, as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity in the IESBA Code	3/22/2024
ASB	Proposed Statement on Standards for Attestation Engagement – Amendments to the Attestation Standards for Consistency with the Issuance of the AICPA Standards on Quality Management	11/28/2023
IAASB	Proposed International Standard on Sustainability Assurance (ISSA) 5000 - General Requirements for Sustainability Assurance Engagements	11/28/2023
PCAOB	Proposed Amendments to PCAOB Rule 3502 Governing Contributory Liability	10/24/2023

Committee Chair:

Gerald Weinstein (OH)
Great Lakes Regional
Director

Members:

Nancy J. Corrigan (CA)
Pacific Regional Director

Timothy F. Egan (CT)
Northeast Regional Director

Michael Schmitz (ND)
Central Regional Director

Willie B. Sims, Jr. (MS)
Southeast Regional Director

Jeannette P. Smith (TX)
Southwest Regional Director

Dan Vuckovich (MT)
Mountain Regional Director

Laurie A. Warwick (VA)
Middle Atlantic Regional
Director

Staff Liaisons:

Kent A. Absec
John W. Johnson

RELATIONS WITH MEMBER BOARDS COMMITTEE

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

The Relations with Member Boards Committee held its spring and fall video conference calls with State Board of Accountancy chairs and executive directors. The conference calls provided regional directors the opportunity to share updates with member boards on the meetings of the NASBA Board of Directors, and to update participants on national issues related to the licensing and regulation of the public accountancy profession; pathways to licensure and pipeline; alternative practice structures and private equity; and the Experience Learn and Earn (ELE) initiative. The calls also provided an opportunity for the member boards to share issues and concerns they were facing within their jurisdictions.

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

This year, the Committee planned and hosted the NASBA Regional Meetings in Louisville, KY, and Omaha, NE. New board member orientation sessions were held prior to the start of each Regional Meeting to provide attendees with important organizational information about NASBA and to highlight important aspects of the regulation of the accounting profession. During the Regional Meetings, attendees heard updates on NASBA's Professional Licensure Task Force, the AICPA's National Pipeline Advisory Group, the revised Uniform CPA Examination, private equity ownership and independence, and artificial intelligence. A panel discussion with current accounting students on their perspectives on the profession was also a feature of the Regional Meetings.

In September, the Committee reviewed the responses to the third quarter FOCUS questions and finalized its agendas for the regional breakout sessions to be held during NASBA's 117th Annual Meeting.

SELECTION ADVISORY COMMITTEE

Charge (in accordance with section 4.4.1 of the bylaws): If the Board of Directors determines there is a need for a committee to search for a new president of the Association, then the current chair shall establish a Selection Committee. The total number of Selection Committee members and operational guidelines for the Committee shall be determined by the chair and approved by the Board of Directors. The Selection Committee members shall be appointed by the chair, approved by the Board of Directors and should, at a minimum, consist of a representative from each Region of the Association (not currently serving on the Board of Directors), one executive director and one past chair.

The Selection Advisory Committee (SAC), led by Chair A. Carlos Barrera, developed and launched a national search for the next president and CEO of NASBA over the course of six months. With the use of various media outlets, communication was disseminated detailing the job description and responsibilities for such an esteemed position. Over 165 letters of interest were received within the application window, and the SAC executed three rounds of rigorous interviews to narrow down the candidate pool. By the April 2024 NASBA Board of Directors meeting, the SAC had successfully submitted a primary and secondary candidate for review and approval by the Board. The NASBA Board of Directors voted in favor of the primary candidate, Daniel J. Dustin, to fill the position of president and CEO.

Committee Chair:

A. Carlos Barrera (TX)

Members:

J. Coalter Baker (TX)
Thuy T. Barron (WI)
Bernita Demery (NC)
Delbert Madison (AL)
Joseph Maffia (NY)
Paula Mann (CO)
Kevin N. Monroe (TN)
Godson Sowah (MN)
Laurie J. Tish (WA)
Viki A. Windfeldt (NV)

Staff Liaison:

Melissa Brennan

STANDARD-SETTING AND PROFESSIONAL TRENDS ADVISORY COMMITTEE

Charge: 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 (Committee) had five meetings in the fiscal year.

Committee Chair Timothy F. Egan convened the initial meeting virtually in December 2023 to make introductions and to discuss the history and charge of the Committee. An update on the final stages of preparing for conversion to the new CPA Exam under CPA Evolution was then shared. NASBA Chair Stephanie M. Saunders provided an update on the Professional Licensure Task Force progress. Updates on other ongoing pipeline initiatives were also provided. Those who attended recent standard-setting and professional association meetings provided updates and trending topics of interest.

The second virtual meeting was devoted to consideration of several disruptive trends and their impact on the CPA profession and its regulation. Specifically, alternative pathways and their impacts on substantial equivalency, mobility and reciprocity were discussed. Concerns regarding disruption of licensure for many CPAs and firms were shared. Initial reactions to the possibility of a structured professional program (SPP) were shared with Chair Saunders. In addition, existing and considered new education models were discussed.

The use of ChatGPT and other large language models (LLMs) and artificial intelligence (AI) tools, in general, in public accounting and business and industry were also a focus during the disruptive trends portion of the meeting. Both positive uses of such LLMs to gain efficiencies and improve services as well as concerns regarding inaccurate information and other issues were considered.

The next virtual meeting of the Committee occurred in early April 2024, to garner input for NASBA's response to a Financial Accounting Foundation (FAF) Review of the Private Company Council (PCC) Request for Comment. A draft letter was submitted to the NASBA Regulatory Response Committee for consideration in the development of NASBA's response to the Request for Comment, which was submitted in May 2024.

The Committee held a face-to-face meeting in early September in Nashville, TN, primarily devoted to discussing possible disruption of substantial equivalency and mobility, exposure drafts on the horizon from NASBA and AICPA on a possible competency model and additional licensure pathway, pipeline efforts, evolving firm ownership structure, and offshoring and outsourcing. The Committee also continued its discussion on the disruption and impact of AI on the profession and its regulation.

On October 22, 2024, the Committee held its last virtual meeting of the year to give input on the competency framework and Uniform Accountancy Act (UAA) exposure drafts released in September 2024 by NASBA and AICPA.

Committee Chair:

Timothy F. Egan (CT)

Members:

Billy M. Atkinson (TX)

Jillian S. Brown (OH)

Matthew J. Howell (MI)

Raymond N. Johnson (OR)

Lunetta Kwan (MA)

G. Alan Long (KY)

Joseph Maffia (NY)

Kristopher Musselman (DE)

Steven M. Platau (FL)

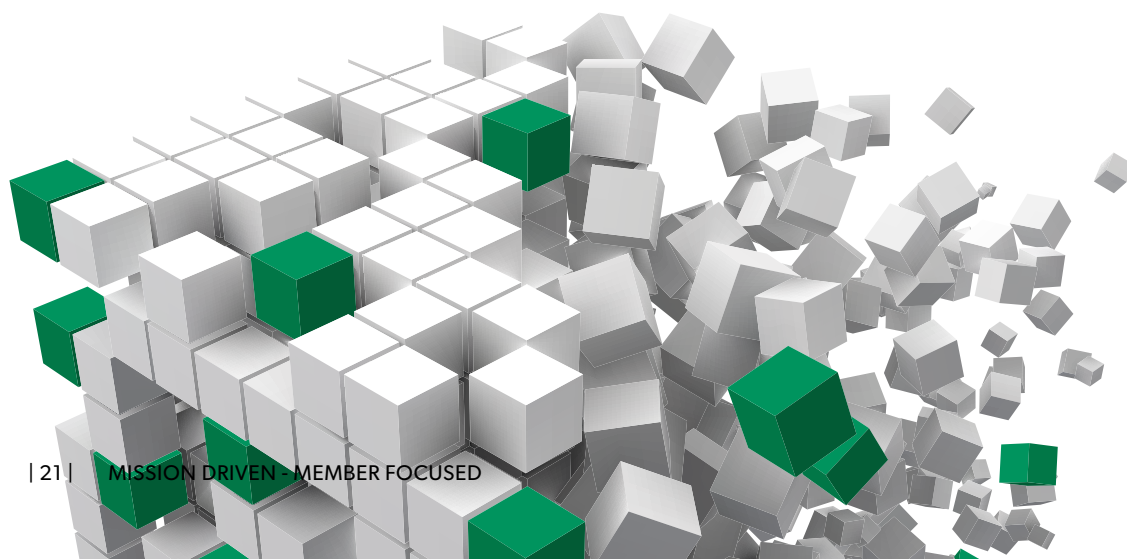
Maria de J. Prado (IL)

Wilhelmus J. Schaffers (AL)

Godson Sowah (MN)

Staff Liaison:

Colleen K. Conrad



Committee Chair:

Ronald A. Gitz (LA)

Past Chair:

Jeannine Birmingham (AL)

Members:

Robert Doyle (MI)
Allen Lloyd (MT)
Rebekah Olson (MD)
Boyd Search (GA)
Joni Sundquist (NE)
Oliver Yandle (AZ)

Staff Liaison:

John W. Johnson

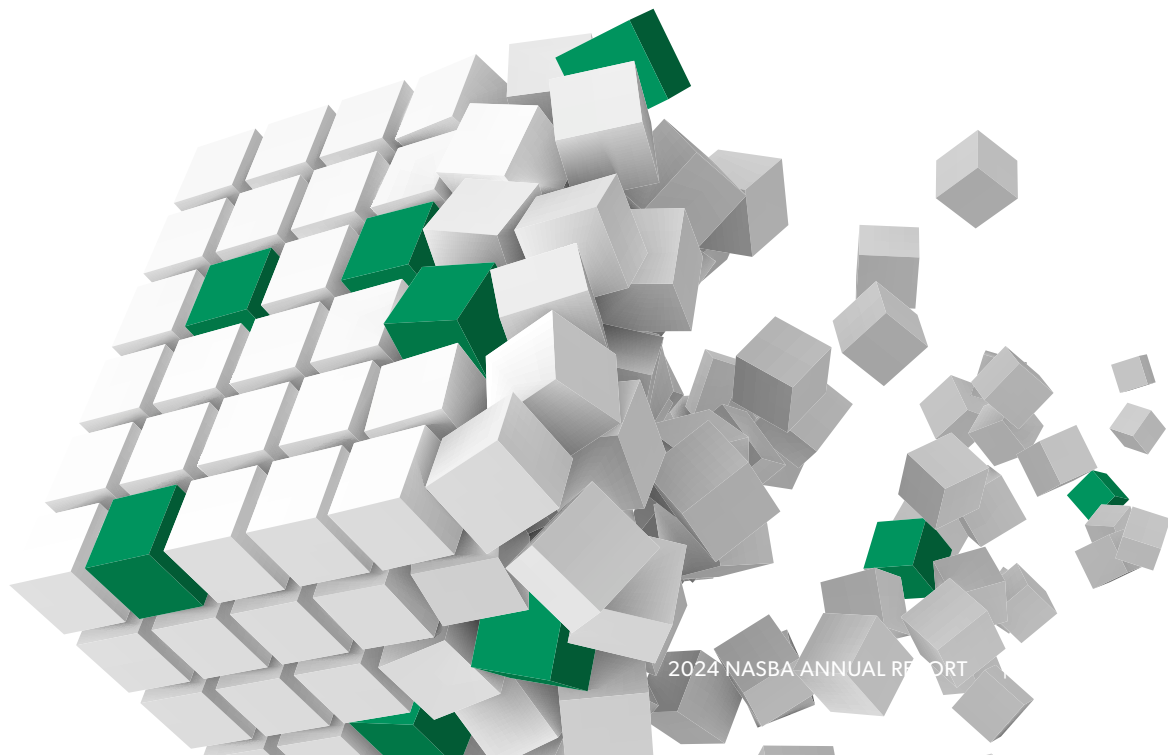
STATE SOCIETY RELATIONS COMMITTEE

Charge: 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 2023-2024:

- **Substantial Equivalency and Licensure** – With several states considering different pathways to licensure—and legislation filed in 2023-2024 in Minnesota to provide for a pathway to licensure not in the Uniform Accountancy Act (UAA)—awareness and concern have been raised over jurisdictions not being substantially equivalent and the impact this would have on Mobility. At a time when the validity of substantial equivalency is being questioned within the profession, the State Society Relations Committee has taken an active role to assist with raising this critical component to Mobility and its unique place in accountancy.
- **CPA Pipeline** – NASBA leadership regards the CPA pipeline as having a strong public protection nexus and continues to work with State CPA Societies to strengthen the pipeline, both in the number of CPAs entering the profession and, in the diversity represented across that population.
- **Task Force and UAA** – Substantial equivalency is considered the engine behind Mobility. The work of NASBA’s Professional Licensure Task Force (PLTF) has worked to ensure that any additional pathway to licensure be substantially equivalent in order to safeguard a strong pipeline on behalf of public protection. The State Society Relations Committee has participated with their insight, and many State CPA Societies have played an active role to ensure that a CPA pipeline remains strong through Mobility.
- **Joint State CPA Society CEO/State Board Executive Directors Conference** – NASBA’s Executive Directors Committee invited the State CPA Society CEOs to participate in the 42nd Annual Conference for Executive Directors and Board Staff. For the tenth year in a row, the 2024 conference brought together these key leaders and counterparts to participate in sessions that covered matters of mutual interest and concern, future opportunities for collaboration, and enhanced communications.

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



UNIFORM ACCOUNTANCY ACT COMMITTEE

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

The NASBA Uniform Accountancy Act (UAA) Committee met three separate times during the year and met seven times as part of the Joint NASBA-AICPA UAA Committee. The Committee began the year discussing the responses received from the October 2023 exposure draft to amend Rules 7-4 (Enrollment in Board-Approved Peer Review Program) and 7-5 (Submission of Peer Review Documents) of the UAA Model Rules. The proposed amendments would identify applicable documents/information, when they are due to be submitted, and how they are submitted. The proposed UAA language required firms to submit these documents and objective information to the Board of Accountancy and shall allow the administering entity to provide the board access to the documents and objective information via a secure website process such as the AICPA's Facilitated State Board Access (FSBA) website.

The Committee spent the remainder of the year focusing on the work being discussed by NASBA's Professional Licensure Task Force (PLTF) and potential changes that would be needed to the UAA (and Model Rules) to accommodate an additional equivalent pathway to licensure.

The Committee met frequently after August 1, 2024, to discuss the changes to the UAA that would need to be considered to Section 5, Qualifications for a Certificate as a Certified Public Accountant, and Section 23, Substantial Equivalency.

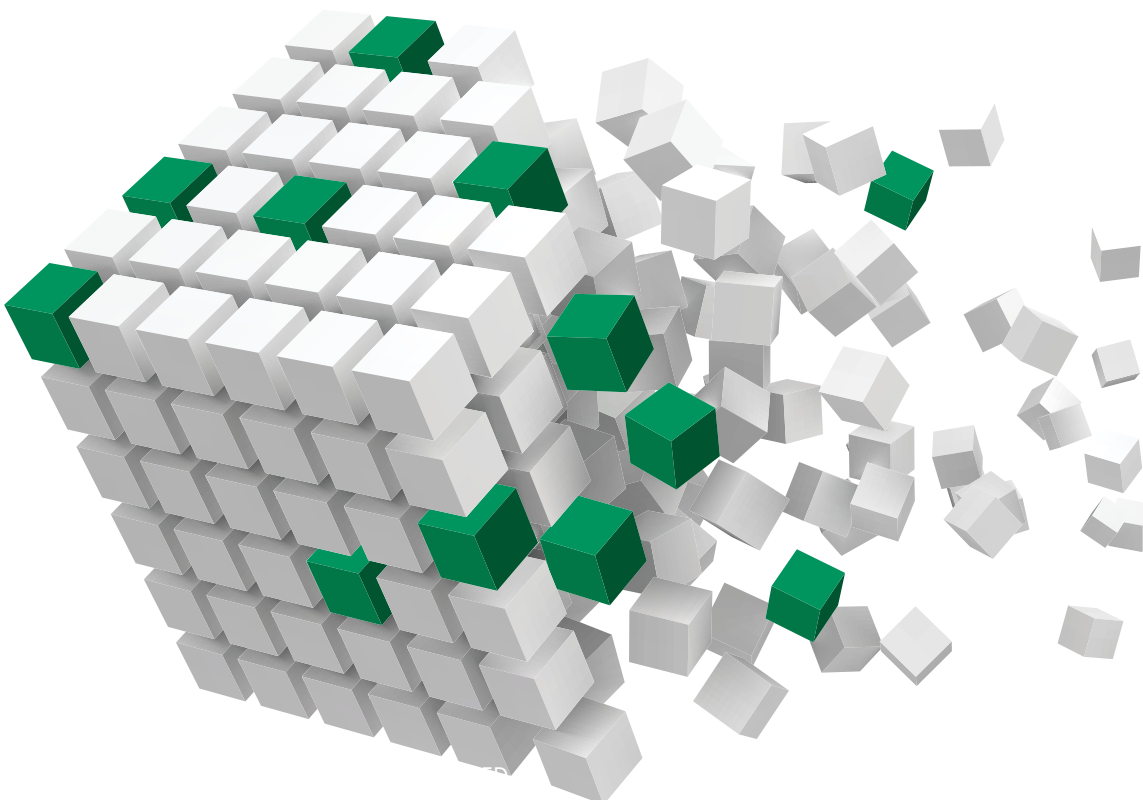
Section 5 defines the education and experience requirements for the pathway to licensure as a CPA including the new Competency-Based Experience Pathway. Section 23 included work on maintaining Mobility for a CPA initially licensed under a pathway in the UAA; facilitating a means to allow State Boards of Accountancy to identify those licensed under a pathway not substantially equivalent to the UAA through a national licensee database; and to provide a mechanism for individuals licensed under a pathway, which is not defined in the UAA, but who later may meet the mobility requirements defined in the UAA.

The Committee voted to approve the language on September 18, 2024, and a subsequent motion to expose the language for a 90-day public comment period was approved by the NASBA Board of Directors on September 27, 2024. Comments will be accepted from September 30, 2024 – December 30, 2024.

Committee Chair:
Nicola Neilon (NV)

Members:
Angela L. Avant (DC)
J. Coalter Baker (TX)
Megan E. Durst (OH)
Telford A. Lodden (IA)
Michael E. Mixon (GA)
Ashley Plyushko (AR)
Nadia Rogers (VA)
Dan Vuckovich (MT)
Douglas E. Warren (TN)
Arthur M. Winstead, Jr. (NC)

Staff Liaisons:
Kent A. Absec
John W. Johnson



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.



CLIENT SERVICES

CPA Examination Services

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

National Candidate Database

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 PORTAL

CPA Portal is NASBA's headquarters for the Uniform CPA Examination, serving individuals 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 Portal gives Exam takers everything they need in one place, including online score retrieval, Notice to Schedule reprints, application status and history, and quick links that provide useful information on a variety of Exam-related topics, from how the Exam is scored to testing in international locations.



CREDENTIALNET

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



GUAM TESTING CENTER

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



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

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.



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.



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 implement testing accommodations in accordance with the Americans with Disabilities Act (ADA) while maintaining the integrity of the CPA Examination.

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 and for licensure. 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.



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.



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.



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 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. Education Verification also allows the opportunity for NIES to perform additional authenticity checks on any documents that are submitted for an international evaluation report.





INTERNATIONAL QUALIFICATION EXAMINATION

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

AEQUO INTERNATIONAL

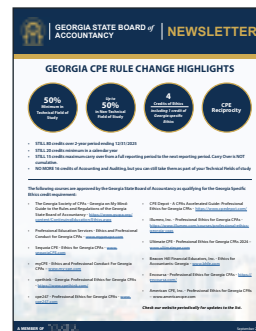
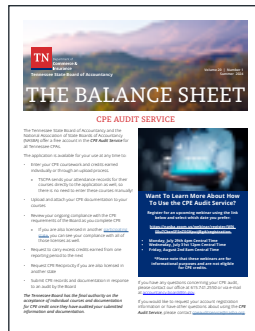
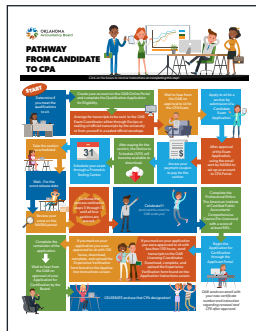
Aequo International was founded in 2014 to provide universities and other professional boards with the same high standard of international evaluations NASBA offers its member Boards of Accountancy. Aequo International is dedicated to performing accurate domestic and international education evaluations,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

NASBA INTERNATIONAL EVALUATION SERVICES

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.

COMMUNICATIONS & OUTREACH

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



COMPLIANCE SERVICES



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-two Boards of Accountancy are currently participating, with New Mexico, Hawaii and Vermont working toward implementation. NASBA's goal is to house 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.



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 52 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.

practices and online applications are all part of the site. Looking for CPE to meet your requirements? Visit *NASBAregistry.org* to search through more than 25,000 courses to find just what you need. Searches can even be narrowed by date, location, subject area, number of credit hours, CPE provider, delivery method, and more. With all the different continuing education options available, *NASBAregistry.org* makes finding the exact CPE course faster and easier.



CPE AUDIT SERVICE

NASBA's CPE Audit Service offers a platform designed to assist Boards of Accountancy with conducting the periodic audits for compliance with continuing professional education requirements. The service allows CPAs to report CPE hours and documentation, electronically, to the board. It offers a turnkey solution for Boards of Accountancy to more efficiently and effectively manage their overall CPE audit process. The service is a benefit of NASBA membership for state boards that participate in the Accountancy Licensee Database (ALD) and have their licensee data records linked with other records across state lines. There are 15 boards currently using the CPE Audit Service to assist with CPE reporting and conducting audits of their professionals' compliance with their CPE requirements.



ACCOUNTANCY LICENSING LIBRARY (ALL)

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

NATIONAL REGISTRY OF CPE SPONSORS

The National Registry of CPE Sponsors was created to recognize CPE program sponsors that provide continuing professional education programs in accordance with nationally recognized standards. Only learning providers that are committed to offering high-quality continuing education programs, which improve a CPA's professional competence, are listed on the Registry, and NASBA is proud to have over 2,000 sponsors 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.



CPE RULES ENGINE SERVICE

Launched in 2018, 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.

NASBAREGISTRY.ORG

NASBAregistry.org is a comprehensive resource for learning providers listed on the National Registry of CPE Sponsors. Video tutorials, newsletters, sample forms, best

LEGAL

CPAMOBILITY.ORG

With statutes approved in 54 of the 55 U.S. jurisdictions, individual mobility is a reality for CPAs from coast to coast. In addition, 35 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 licensed 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 licensure, notice 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

LEGISLATIVE

LEGISLATIVE TRACKING

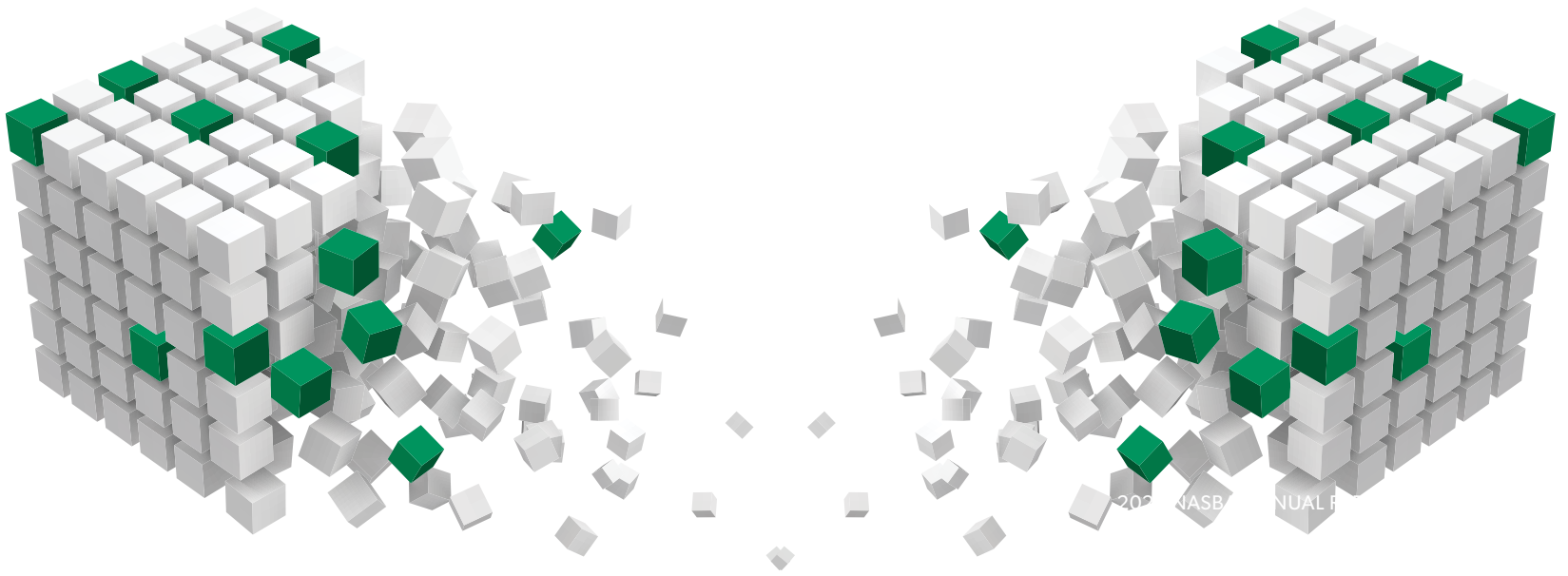
NASBA's Legislative Tracking System was created and calibrated specifically for Boards of Accountancy to monitor legislation and amendments (in real time) that affect the regulation of the profession. By allowing boards to become more readily aware and to share knowledge concerning key pieces of legislation 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.



NASBA CENTER FOR THE PUBLIC TRUST (CPT)



GROWTH IN 2023-2024

This fiscal year, the NASBA Center for the Public Trust (CPT) continued the momentum of growth and expansion for both StudentCPT chapters and professional programs experienced the prior year. Working alongside NASBA leadership and members, CPT Board members and other partners, the CPT enrolled more states in the professional Ethical Leadership Training, launched new StudentCPT chapters and hosted the StudentCPT Leadership Conference— *all to fulfill its mission to develop, empower and promote ethical leaders.*

STUDENTCPT CHAPTERS

The Student Center for the Public Trust (StudentCPT) chapter program continues to influence the ethical thinking and decision-making of future business leaders by teaching college students that engaging in ethical business practices is the most sustainable strategy for career advancement. With the vision of becoming the largest network of ethical leaders on college campuses, the StudentCPT continues to grow and now connects students in 55 chapters across 24 states and U.S. territories.

HBCU INITIATIVE

The CPT's HBCU Initiative, which aims to bring StudentCPT chapters to the nation's Historically Black College and University (HBCU) campuses, continues to see enthusiasm and engagement. The HBCU Initiative seeks to expose greater numbers of HBCU students to ethical leadership and the accounting profession. This program also helps advance diversity and inclusion, while providing students with access to mentors and others to aid in their career advancement. A total of 10 students representing five HBCUs – Alabama State University (Montgomery, AL), Fisk University (Nashville, TN), Jackson State University (Jackson, MS), Norfolk State University (Norfolk, VA), and Tennessee State University (Nashville, TN) – attended the 2024 StudentCPT Leadership Conference in Louisville, KY. Jackson State University, in its first year as a chapter, ranked 1st place in the *Ethics in Action* Video Competition Viewer's Choice category, and the chapter was one of 12 to achieve Golden Star Chapter status. Additionally, the CPT partnered with the Alabama Society of CPAs, American Institute of Certified Public Accountants, (AICPA) and the National Association of Black Accountants (NABA) for the Balance Sheet Bash

2024. The Bash, which targets HBCU students in Alabama, promotes diversity in accounting and exposes students to professional speakers, leadership training, resume and social media platform tips and onsite conversations with recruiters.

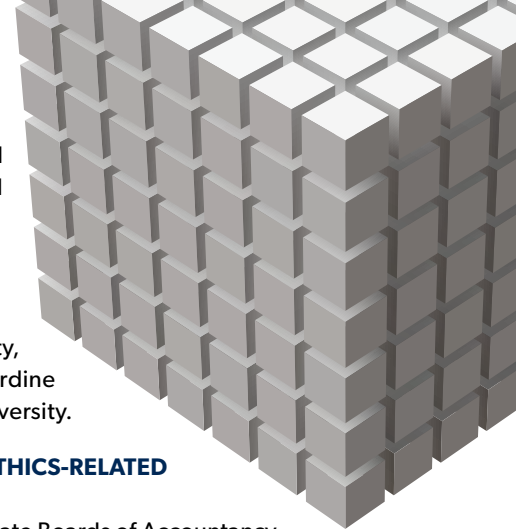
STUDENTCPT LEADERSHIP CONFERENCE

Each year, the NASBA Center for the Public Trust (CPT) hosts the well-anticipated StudentCPT Leadership Conference (SLC). The SLC was designed for students to fine tune their strengths, enhance their ethical decision-making abilities, and learn best practices as it relates to operating a StudentCPT chapter. This year, the SLC was held June 3-5, 2024, in Louisville, KY, creating opportunities for 45 student leaders from 29 colleges and universities to connect and build upon their leadership skills. The two-day agenda featured a keynote address, case study competition, networking opportunities with CPT Board members and NASBA members, and sessions on topics including Strategic Networking, Strengths Based Leadership and Being Empowered on Campus.

STUDENT ETHICAL LEADERSHIP CERTIFICATION PROGRAM

As the CPT continues to shape the ethical values and principles of college students, the CPT enrolled 5,977 college students in the Ethical Leadership Certification Program this past fiscal year. The CPT's current learning management system uses mobile optimization for course delivery, engages learners through gamification elements and provides professors with enhanced class reporting features. The CPT remains committed to using cutting edge technology to educate and empower ethical leaders.





ETHICAL LEADERSHIP TRAINING PROGRAM

As a part of the CPT's mission, the CPT partners with several State Boards of Accountancy to administer Ethical Leadership Training (ELT) as a disciplinary tool for licensees with ethics infractions. With the addition of new states this year, the 19 participating state boards include Alabama, California, Connecticut, Florida, Idaho, Kansas, Louisiana, Minnesota, Missouri, New Hampshire, North Dakota, Oklahoma, Pennsylvania, South Carolina, Tennessee, Utah, Washington, West Virginia and Wyoming. During fiscal year 2023-24, 167 professionals successfully completed the training. 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 other state boards regarding future program implementation. 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.

ETHICS IN ACTION STUDENT VIDEO COMPETITION

The 2024 *Ethics in Action* Student Video Competition continued to help spread the importance of ethical decision-making through the lens of college students. This national competition allowed students to creatively share their views on ethics and accountability in business.

The 2024 competition received 70 videos from 25 colleges and continues to be an effective tool to teach business ethics to students. This year's winning teams represented Maryville University, Texas State University, Jackson State University, Pepperdine University and Wake Forest 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 provided CPE workshops and presentations for the Alabama Society of CPAs and Kentucky Society of CPAs. The CPT's partnership with Baruch College as cohosts of the 18th Annual Ensuring Integrity: Audit Conference hosted more than 170 professionals, business leaders, public accountants, educators and policy setters. The CPT will continue to expand its online trainings and presentation offerings in the coming year.

CPT LEADERSHIP BOARD OF DIRECTORS, 2023-2024

Donald H. Burkett, CPA
CPT Chair

Executive Vice President,
Burkett, Burkett & Burkett CPAs

David A. Costello, CPA
CPT Life Director

Retired President & CEO, NASBA & NASBA CPT

Larry W. Bridgesmith, ESQ.
CPT Life Director
CRO, ERM Legal Solutions

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

James Alderson
Past President, Montana Chapter of the
Healthcare Financial Management Association

Tommye Barie, CPA
Executive VP of Leadership Development,
Succession Institute, LLC

Barry M. Berkowitz, CPA
Treasurer
Shareholder, Mayer Hoffman McCann P.C.

Jennifer Bouchard
Chief People Officer, Figure8

Jason Brooks, PH.D., MBA
Founder & CEO, Thrive

W. Michael Fritz, CPA
Retired Senior Partner, Deloitte & Touche LLP

William Latham, Ph.D.
Interim Vice President for Student Affairs,
Stockton University

Delbert Madison
Senior Vice President, Cash Management Officer,
ServisFirst Bank

Sean P. Mcvey, CPA
Partner, Deloitte LLP

Kymerly Messersmith
Secretary
Managing Director, KPMG

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

Andrea P. Perry, Esq.
Partner, Spencer Fane

Kelly Richmond Pope, PhD, CPA
Dr. Barry Jay Epstein Endowed Professor of
Accounting, DePaul University

CPT Staff

Daniel J. Dustin, CPA
CEO, NASBA CPT

Sedrik Newbern
President, NASBA CPT

Troy A. Walker, CPA
CFO, NASBA CPT

Jasmine Gaetano
Student Programs Manager

Alyssa Gallas
Operations Manager

Jeremy Davenport, CPA
Controller, NASBA CPT

NASBA YEAR IN REVIEW 2023-2024

October 2023

NASBA's 116th Annual Meeting, themed "New Beginnings" convenes in New York, NY, welcoming representatives from 50 U.S. Boards of Accountancy.

Ken L. Bishop announces his plans to retire as president and CEO of NASBA, effective July 31, 2024.

Incoming Chair Stephanie M. Saunders announces the formation of a Professional Licensure Task Force charged with considering new concepts for CPA licensure that may be included in the UAA to update the current licensure model.

NASBA Board of Directors approves the creation of an 11-member Selection Advisory Committee to facilitate the process of selecting NASBA's next president and chief executive officer.

NASBA's UAA Committee issues proposed revisions to existing UAA Rules 7-4 and 7-5 related to the AICPA's Facilitated State Board Access (FSBA) for public exposure and comment through January 2, 2024.

November 2023

AICPA Board of Examiners hosts information sessions to gather input on Setting Passing Scores on the CPA Exam as CPA Evolution approaches.

CPA Exam Credit Relieve Initiative provides CPA Exam candidates an opportunity to request credit extensions through June 30, 2025.

ARPL hosts webinar covering insights and observations from 2023 legislation sessions and ARPL's strategic priorities for 2024.

NASBA's Selection Advisory Committee begins national search for the next president and CEO of NASBA.

NASBA and CGI partner with the Tennessee School for the Blind to conduct CPA Evolution user acceptance testing with volunteer visually-impaired and legally blind high school students.

December 2023

NASBA and AICPA approve revisions to the CPE Standards and NASBA Fields of Study, which include additional options for virtual learning, effective January 1, 2024.

December 15 marks the end of CPA Examination testing for 2023, and the final administration of the Exam's Business Environment and Concepts (BEC) section.

CPE Audit Service adds the South Carolina Board of Accountancy on to the application bringing the total number of participating states up to 15.

Professional Licensure Task Force seeks input from NASBA stakeholders in response to concept exposure outlining proposed changes to the UAA, including an equivalent path to licensure via a structured professional program.

January 2024

CPA Evolution successfully launches and administration of a new CPA Exam begins, signifying the biggest advancement to the Exam since computerization.

The NASBA Board of Directors unanimously votes to approve the proposed amendments to UAA Model Rules 7-4 and 7-5 during its January 19 meeting.

Professional Licensure Task Force hosts webinar for member Boards of Accountancy to learn about the Task Force's discussions and activities and hear the latest updates from the AICPA's National Pipeline Advisory Group.

Board of Accountancy representatives participate in informational webinars hosted by the National Pipeline Advisory Group to discuss trends affecting the current and future accounting workforce.

The client roster of NASBA's CPA Examination Services' (CPAES) grows with the addition of

Maryland, representing the 36th U.S. jurisdiction to outsource its services to NASBA.

February 2024

NASBA Board of Directors approves UAA Exposure Draft for re-exposure through April 2024. The proposed revisions will increase the number of months conditional credit can be provided to a candidate from 18 to 24 months and provide clarity as to a state board's authority to allowing additional time to candidates.

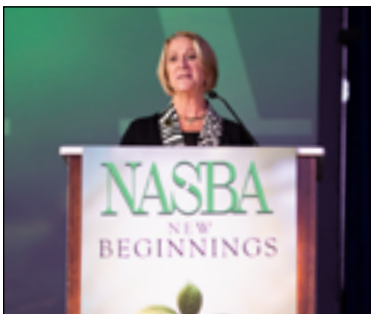
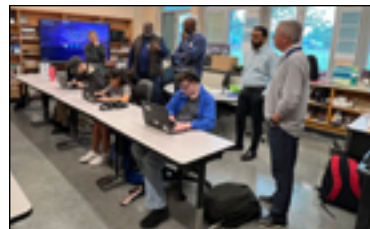
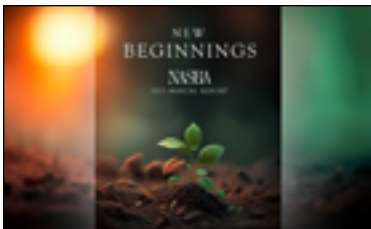
NASBA CPT welcomes James Alderson, Barry M. Berkowitz, Jennifer Bouchard, W. Michael Fritz and Kelly Richmond Pope as the newest members of the CPT Board of Directors.

Executive leadership teams from NASBA and the AICPA work towards addressing CPA Pipeline issues during the February AICPA-NASBA Summit.

March 2024

NASBA announces its support of the Accounting STEM Pursuit Act Federal Legislation, which if passed, will recognize accounting as part of STEM programs in schools and bring early exposure to the accounting profession.

NASBA Nominating Committee opens the 2024-2025 vice chair call for nominations to delegates and NASBA associate members.



YEAR IN REVIEW 2023-2024

NASBA Center for the Public Trust releases the first episode of its *Viable Leadership Podcast*.

Representatives from 39 Boards of Accountancy and 25 State CPA Societies attended the 41st Annual Conference for Executive Directors and Board Staff and 28th Annual Conference for Board of Accountancy Legal Counsel, held concurrently, in Nashville, TN, March 25-27, 2024.

April 2024

NASBA, the AICPA and Prometric celebrate the 20th anniversary of the computerization of the Uniform CPA Exam on April 5, 2024, noting that 4.3 million Exam sections had been administered since the computerized Exam launched in 2004!

NASBA Board of Directors selects Daniel J. Dustin, CPA, to become NASBA's next president and chief executive officer following the retirement of Ken L. Bishop.

Winners of the CPT's 2024 *Ethics in Action* Student Video Competition are announced.

Experience, Earn and Learn (ELE) pilot program progresses with positive reviews and 38 student participants.

May 2024

NASBA names Nicola Neilon, CPA (NV) as its candidate for vice chair, 2024-2025.

National Accounting Day is acknowledged across the globe.

NASBA reports 26,395 total sections of the CPA Exam were taken during Q1-2024.

NASBA, AICPA and ARPL proudly support the Freedom to Invest in Tomorrow's Workforce Act.

June 2024

NASBA regional directors host two successful Regional Meetings in Louisville, KY, and Omaha, NE.

NASBA staff alongside representatives from state boards, state societies and partnering organizations offer Ken L. Bishop heartfelt congratulations on his upcoming retirement at the conclusion of the Eastern and Western Regional Meetings.

NASBA's Communications Committee hosts Communications Breakfast Meetings as a forum to discuss the communications and outreach-related needs and successes of member Boards of Accountancy.

The 2024 StudentCPT Leadership Conference SLC is held June 3-5, 2024, in Louisville, KY, creating

opportunities for 45 student leaders from 29 colleges and universities to connect and build upon their leadership skills.

July 2024

International testing for the U.S. CPA Examination expands to the Republic of the Philippines, effective July 1, 2024.

CPT supporters take to the green at Nashville's Hermitage Golf Course during the annual CPT Golf Classic.

On July 31, 2024, NASBA's National Registry of CPE Sponsors confirms 2,044 Active Sponsors.

Daniel J. Dustin introduces members of his new executive leadership team.

August 2024

The Accountancy Licensee Database (ALD) confirms 671,855 actively licensed CPAs as of August 2024 (as reported by 52 of the 55 U.S. jurisdictions).

Member boards participate in a Private Equity Investment in Public Accounting Firms webinar featuring expert Matthew Boshier, Esq.

Research teams from the University of Alabama, Virginia Tech, Morgan State University and Drexel University are named recipients of NASBA's 2024 Accounting Education Research Grants. Call for 2025 proposals opens.

The long-anticipated *NASBA Report: Candidate Performance on the CPA Examination* publications return to shelves, with the 2020-2023 Editions available for purchase.

NASBA's Nominating Committee announces its slate for 2024-2025.

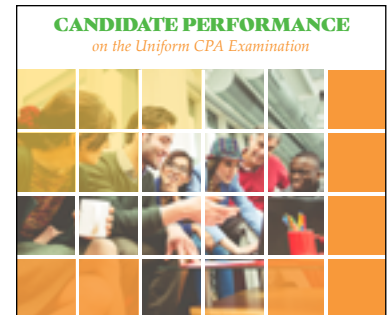
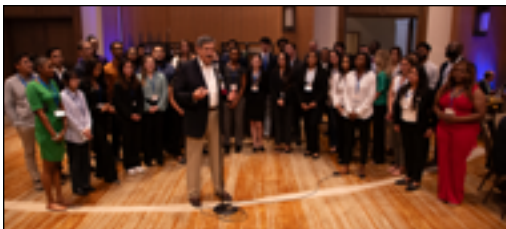
September 2024

"Striking a Chord: CPE Reimagined with AI, Engagement and Innovation" serves as the theme for the 2024 National Registry Summit, held September 17-18, in Nashville, TN.

NASBA and AICPA boards of directors approve a UAA exposure draft for 90-day exposure, proposing revisions to the competency model-framework and standards to be included in the appendix of the UAA.

Board of Accountancy members and staff receive insight from NASBA's Legislative and Governmental Affairs team on the topic, "Shifting to Automatic: The Hazards of Redefining Mobility."

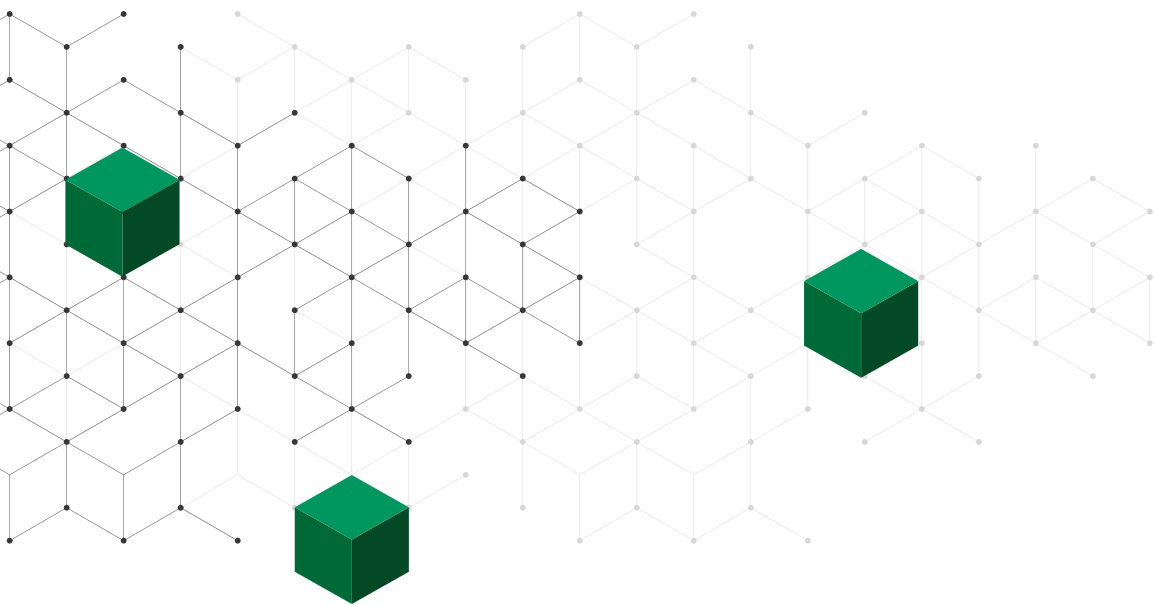
AICPA and NASBA seek input on the proposed additional pathway to CPA licensure, opening the comment period on the competency-based experience pathway through December 6, 2024.



EXECUTIVE STAFF AND DIRECTORS

Kent A. Absec.....	Vice President, State Board Relations
Brie Allen, Esq.	Chief Legal Officer
Kyle Barrier	Associate Director, International Evaluation Services
Colleen K. Conrad, CPA	Executive Vice President & Chief Operating Officer
Lisa Dampf.....	Chief Human Resources Officer
William Emmer, CPA.....	Vice President, Operations
Cheryl Farrar	Chief Information Officer
Wendy S. Garvin.....	Executive Vice President
Cassandra A. Gray.....	Associate Director, Communications
Philip A. Groves, CPA	Director, Finance/Controller
Patricia Hartman	Director, Client Services
Julie James, CPA, CISA, CIA	Director, Risk & Compliance
John W. Johnson.....	Vice President, Legislative and Governmental Affairs
Thomas G. Kenny.....	Chief Communications Officer
Christy Long.....	Associate Director, Human Resources
Jessica Luttrull, CPA.....	Director, Professional Standards and Research
Chris Mays	Associate Director, Client Services
Sedrik Newbern	CPT President & Chief Ethics Officer
James Polite.....	Director, Program Management
Erin Scruggs.....	Associate Director, National Registry
Amy Tongate	Director, Compliance Services
Troy A. Walker, CPA.....	Vice President & Chief Financial Officer

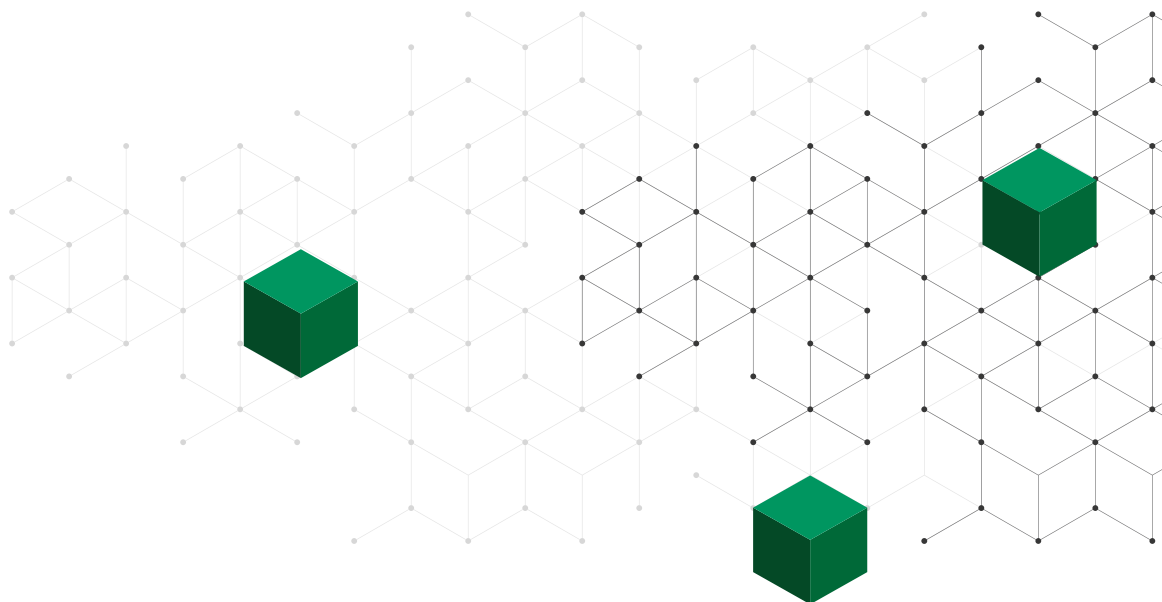




National Association
of State Boards of Accountancy, Inc.

Independent Auditors' Report and
Consolidated Financial Statements

July 31, 2024 and 2023





National Association of State Boards of Accountancy

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

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

September 24, 2024

We, Daniel J. Dustin, CPA, President & Chief Executive Officer and Troy A. Walker, CPA, 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, 2024 and 2023, 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.

Daniel J. Dustin, CPA
President & Chief Executive Officer

Troy A. Walker, CPA
Vice President & Chief Financial Officer



National Association of State Boards of Accountancy

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

REPORT OF MANAGEMENT

September 24, 2024

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.

Daniel J. Dustin, CPA
President & Chief Executive Officer

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

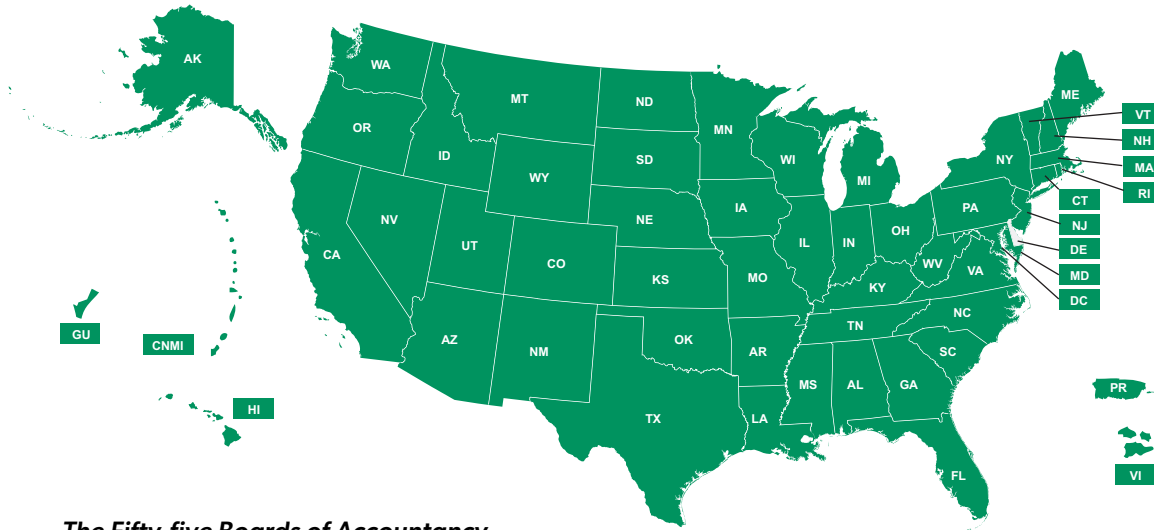
Troy A. Walker, CPA
Vice President & Chief Financial Officer

Philip A. Groves, CPA
Director of Finance and Controller

**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2024**

MISSION, STRATEGIC OBJECTIVES AND OPERATIONS

The mission of the National Association of State Boards of Accountancy, Inc. (NASBA) is to enhance the effectiveness and advance the common interests of the Boards of Accountancy (Boards).



The Fifty-five Boards of Accountancy

**Strategic
Objective Categories**

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

NASBA’s purpose for existence is the protection of the public by strengthening the regulatory ability of the Boards. NASBA’s executive management and staff align the level of Mission activities and support to objectives defined in NASBA’s strategic plan. These strategic areas of emphasis direct resource deployment and provide focus on matters of importance to Boards. They are guiding principles for leadership of the organization when committing resources through commencing new services and products as well as continuing ongoing activities.

These strategic objectives also provide a framework for operating services related to the CPA Examination and compliance activities, including licensing, on behalf of Boards. Operating services also include maintaining continuing professional education (CPE) standards which is an important requirement for the regulation of licensees. These services create the resources used to assist Boards in their essential and overarching responsibilities of regulation and enforcement to fulfill their role of public protection. Mission-related Member Services created by

NASBA include Board-supporting services such as the Accountancy Licensee Database (ALD), Accountancy Licensing Library (ALL), CPE Audit Service, the monitoring of legislation and governmental activities that impact the profession, promoting pipeline, licensing pathways, and other various support and services.

An essential component of NASBA’s Mission is the funding of committees and conferences. There were a total of twenty-five committees and one task force included in Missions during fiscal 2024 that focused on topics to enhance the effectiveness of CPA regulation. Topics include ethics, education, inclusion, standard setting and professional trends, CPE, communications, peer review, and enforcement resources for the member Boards. NASBA facilitated conferences that integrated in-person attendance with virtual capabilities, comprised of the Annual Meeting, Eastern and Western Regional Meetings, and conferences for the Boards’ executive directors, operations staff and legal counsel.



NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC. MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2024

Activities of the NASBA Center for the Public Trust (CPT) are also a component of Mission-related expenses. CPT is a nonprofit, public benefit entity which exists to develop, encourage, acknowledge and promote ethical leadership. This is accomplished by equipping current professionals and preparing students (future professionals) with tools to make principled decisions via thought provoking seminars, conferences and virtual training platforms which simulate real-world situational ethical decision making. CPT has established Student Center for the Public Trust (StudentCPT) chapters at fifty-five colleges and universities. These chapters educate and engage future business leaders in ethics, accountability and integrity. CPT also conducts various activities in addition to the StudentCPT chapters at additional colleges and campuses. In total, CPT reached students at almost three hundred different college campuses during fiscal 2024. CPT continues to increase its student involvement through Historically Black Colleges and Universities.

2024 YEAR IN REVIEW

Fiscal 2024 was an exciting year for NASBA filled with many activities serving Boards. Revenue increased significantly over fiscal 2023 due to the continued influx of candidates applying to take the CPA Examination prior to the impending changes related to CPA Evolution. Examination changes of this magnitude, historically, have resulted in volume increases as candidates apply to test before changes are implemented. The increase in net assets for fiscal 2024 was primarily attributable to this increased revenue along with positive investment returns.

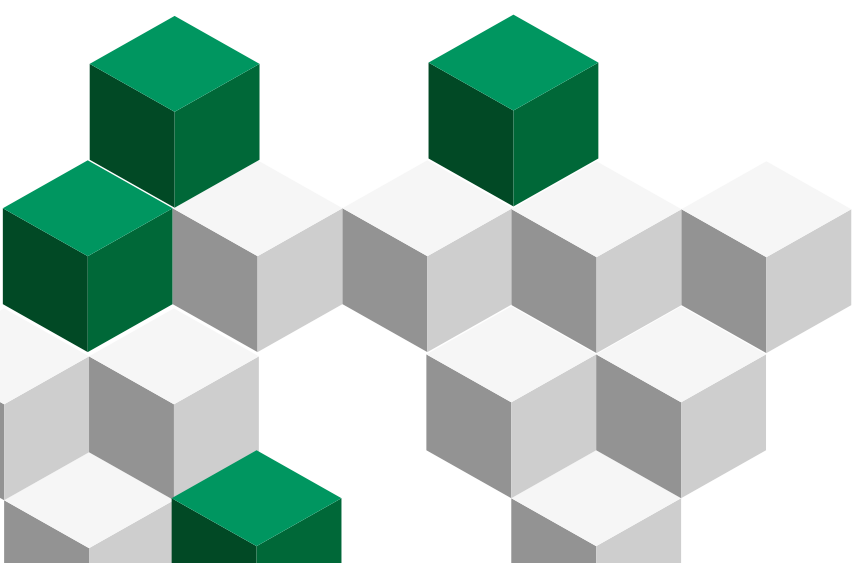
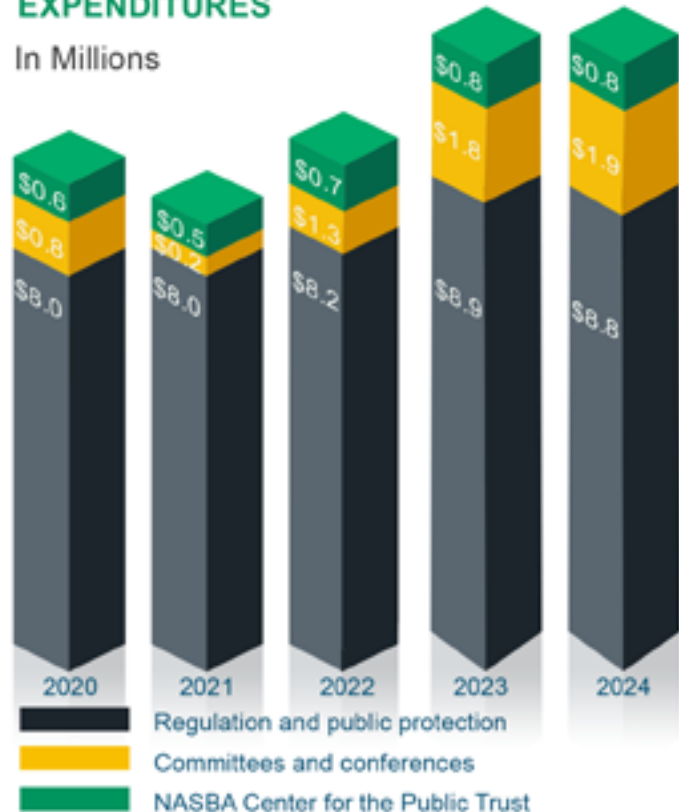
During fiscal 2024, NASBA continued its commitment to Mission-related Member Services through expenditures as shown in the charts to the right. Mission-related expenses for committees and conferences and regulation and public protection reinforce that NASBA remains focused on addressing the matters that have the most significant impact on the profession, regulation, and protecting the public. During fiscal 2024 NASBA participated in numerous meetings regarding the CPA pipeline and evolution, experience, learn and earn (ELE) and other regulatory and licensing-related issues. Expenses for CPT were consistent with the prior year.

In August 2023, NASBA completed and placed in service the updated Gateway and new CPA Examination candidate evaluation software projects. These software projects began in fiscal 2022 and were aimed at both updates for CPA Evolution along with improving the CPA Examination-related operations to determine eligibility and process candidate applications. In addition to navigating the change in the examination and launching the new software, NASBA also began another IT project to improve data reporting and analytics to assist Boards and internal staff.



MISSION-RELATED MEMBER SERVICES EXPENDITURES

In Millions



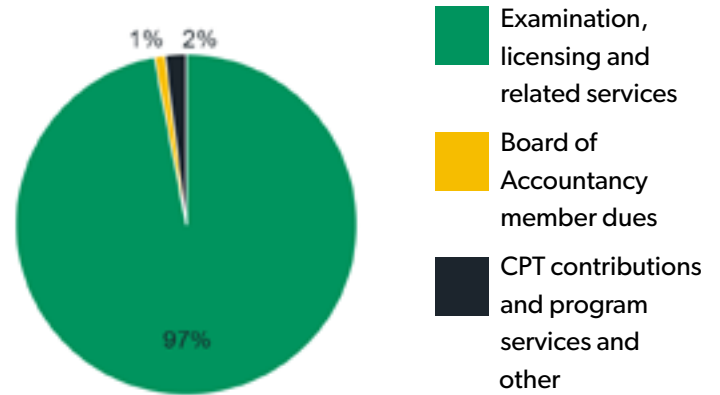
NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC. MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2024

PROGRAM REVENUE

The ability to fund the previously mentioned Mission spending is generated through several revenue channels. The chart to the right shows the total revenue as reflected in the consolidated statements of activities. Program revenue by activity is shown on the following page. Essentially all of NASBA's revenue (97% in both fiscal 2024 and 2023) originates from examination, licensing and related services. The smallest percentage of total revenue (1% in both fiscal 2024 and 2023) stems from Board member dues. The remaining 2% of total revenue is comprised of CPT contributions and program services along with other Mission-related services, such as conference fees.

Examination and licensing revenue derives from fees for evaluating the credentials of individuals progressing to CPA licensure and performed on behalf of the respective Boards. Services such as application processing, credential evaluation, and score reporting are provided to candidates, ultimately seeking licensure, through services provided to thirty-six Boards as of July 31, 2024. NASBA's capabilities assist Boards and staff in their administrative tasks of initial licensing of CPAs. Along with the revenue directly related to the processing of candidates into the CPA Examination network, NASBA earns revenue related to academic evaluations of international-based education credentials. Examination and licensing revenue also includes fees related to the operation of the National Candidate Database, a global, central information repository for all CPA Examination candidates. Through this database, NASBA assists in the processing of candidates testing in both U.S. and international locations. Once a candidate passes the CPA Examination, additional NASBA licensing services may also be provided to CPA candidates on behalf of some Boards.

Through the National Registry of CPE Sponsors (Registry), NASBA provides support to the Boards' mission and to CPA licensees professional competency by identifying quality CPE providers that meet nationally accepted standards for development, presentation, measurement and reporting of educational programs. Revenue is generated by evaluating CPE providers who pledge to meet stringent CPE program standards. To be approved, learning providers must demonstrate that the professional competence of a participating CPA is enhanced by the programs offered. As a part of this service, the National Registry Summit is held annually, in September, and focuses on CPE 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 as shown in the program revenue on the following page.



In fiscal 2024, 207,000 examination sections were processed through the National Candidate Database. Included in this total are 31,000 sections related to candidates choosing to test at international locations.



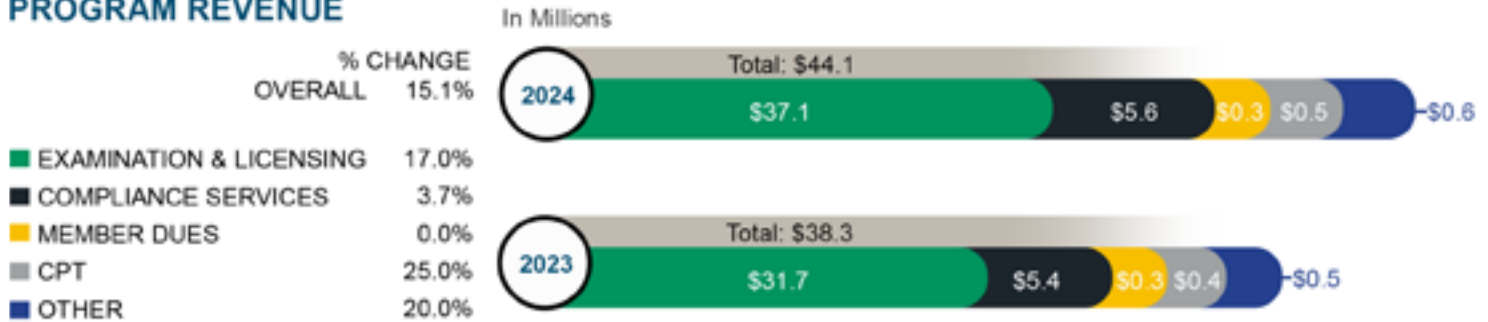
NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC. MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2024

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

Total revenue increased by 15% in fiscal 2024 as compared to fiscal 2023. Most of the increase is from examination-related services. Total CPA Examination candidate remained strong during fiscal 2024 as the new CPA Evolution CPA Examination commenced on January 1, 2024.

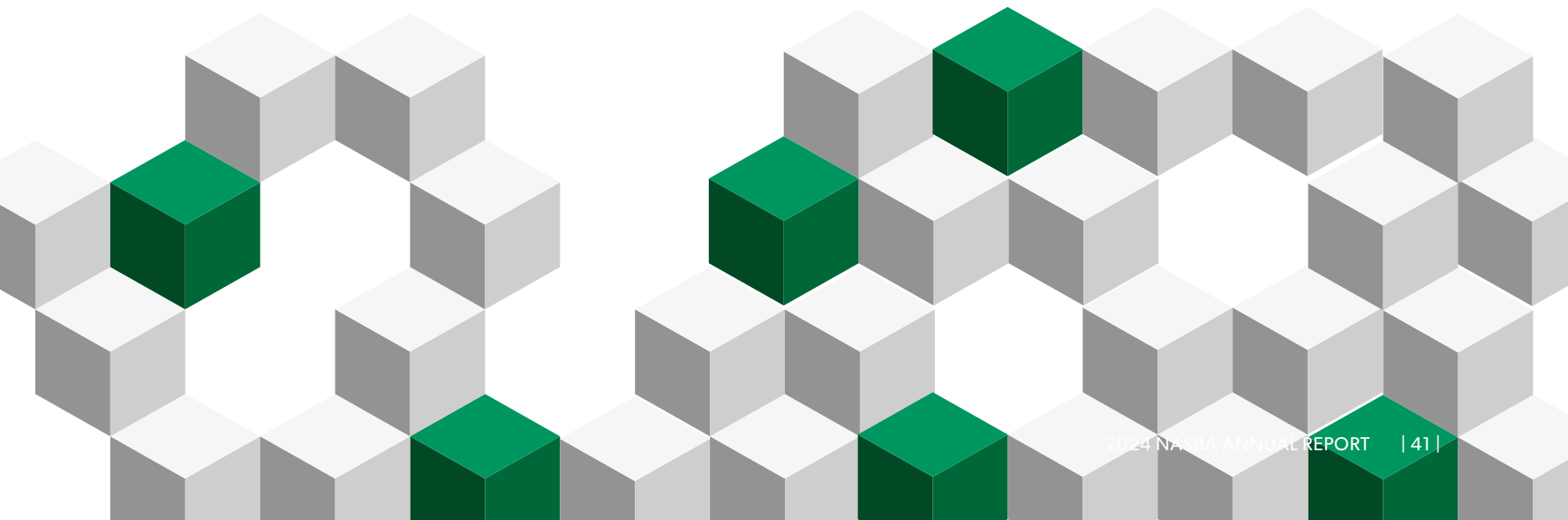
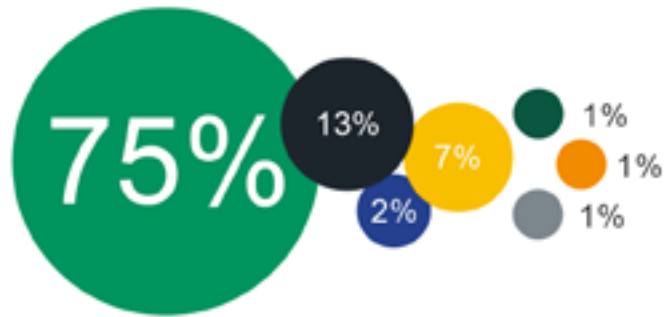
Higher candidate volume affected all of the substantial services included in Examination program revenue—domestic and international application evaluation, National Candidate Database processing, and international testing. Compliance services and other revenue also increased from the prior fiscal year. The increase in other revenue is primarily attributable to conference fees as in-person attendance continue to increase at NASBA meetings. CPT-related revenue grew from the prior year related to both increased contributions and greater online training program revenue.

PROGRAM REVENUE



REVENUE BY ACTIVITY

- EXAMINATION 75%
- COMPLIANCE SERVICES 13%
- INTERNATIONAL EVALUATION SERVICES 7%
- LICENSING 2%
- CPT 1%
- MEMBER DUES 1%
- OTHER 1%



NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC. MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2024

PROGRAM EXPENSES

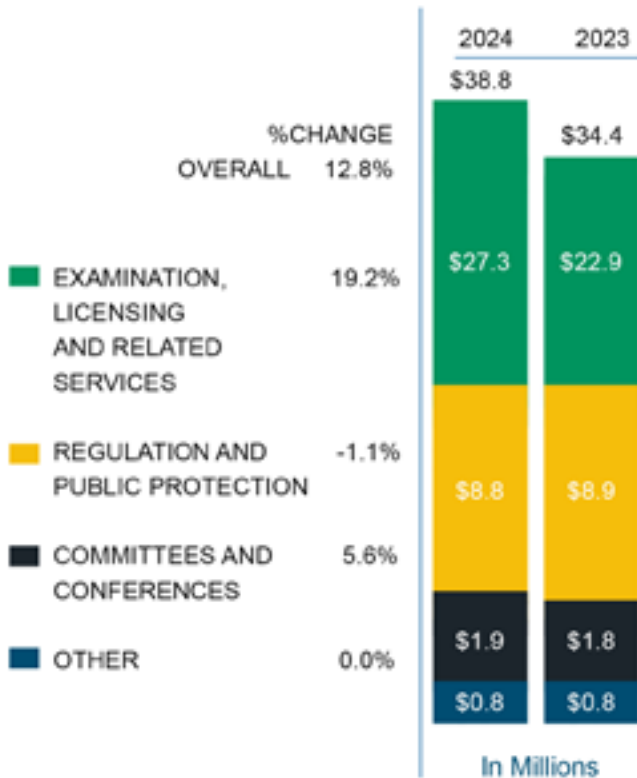
Total consolidated program expenses increased by 13% from \$34.4 million in fiscal 2023 to \$38.8 million in fiscal 2024. This is an increase of \$4.4 million.

The primary components of this increase are expenses related to salaries and benefits along with depreciation and amortization. NASBA incurred increased employee-related expenses to provide support for the increased candidate volume in response to changes brought on by CPA Evolution. In addition, one-time expenses related to staff transitions were incurred. The completion of the Gateway and CPA Examination Services software projects in fiscal 2024 resulted in additional amortization for these software development costs assets. Other

increases in expense include conference, meetings and travel as well as professional services. The increase in professional services primarily relates to IT-related expenses for post go-live support for the new software development projects and the previously mentioned project aimed at improving NASBA’s use and reporting of candidate data.

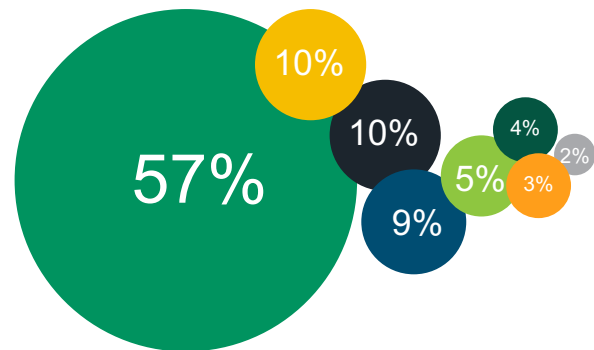
As shown in the consolidated statements of functional expenses, aside from the expense categories discussed in the previous paragraph, the amount of expenses by function for fiscal 2024 was similar to the prior year. Overall, total operating expenses for NASBA during fiscal 2024 were incurred on the programs and services shown below.

PROGRAM EXPENSES



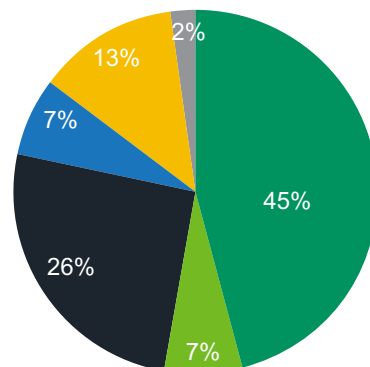
EXPENSES BY ACTIVITY

Examination	57%
Enforcement and regulation	10%
Communications and public relations	10%
Compliance Services	9%
Committees and conferences	5%
Licensing	4%
Board of Accountancy membership, relations, legislative and governmental	3%
Ethics	2%



EXPENSES BY FUNCTION

Compensation and related costs	45%
Conferences, meetings and travel	7%
Technology and professional	26%
Credit card and other program services costs	7%
Occupancy, depreciation and amortization	13%
Other	2%



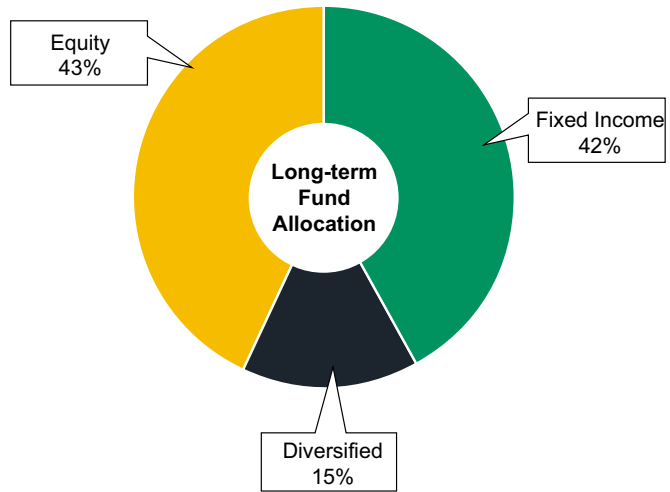
**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2024**

INVESTMENTS

NASBA has long-term investment securities which provide liquidity for NASBA in the event funds are needed for significant capital endeavors, an economic downturn, or other disruptive events. The availability of the long-term fund, as discussed in Note 5 of the consolidated financial statements, and its conservative investment posture, provides financial stability, and allows leadership to make Mission resource decisions without negative impacts to current operational activities.

Investment securities are managed under a board-approved investment policy in which long-term investments are directed at the discretion of an investment advisor who is under the oversight of the NASBA Administration and Finance Committee. Of the total investment securities balance at July 31, 2024, 42% is invested in lower-risk investment securities such as federally insured certificates of deposit, U.S. Treasury and Federal Agency securities, corporate bonds with a rating of investment grade or better, other fixed income mutual funds, separately managed fixed income accounts and money market mutual funds.

Equity funds, which are similarly allocated at 43% of the total long-term fund at July 31, 2024, 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 growth versus value style orientations for diversification within the equity class. The smallest class allocation in the long-term fund is the diversified asset class which includes investments which have risk versus return characteristics that are not correlated to the equity or fixed income markets. These securities serve an intended purpose of helping to soften volatility of the total portfolio during turbulence in the equity and fixed income markets. These represent 15% of the July 31, 2024

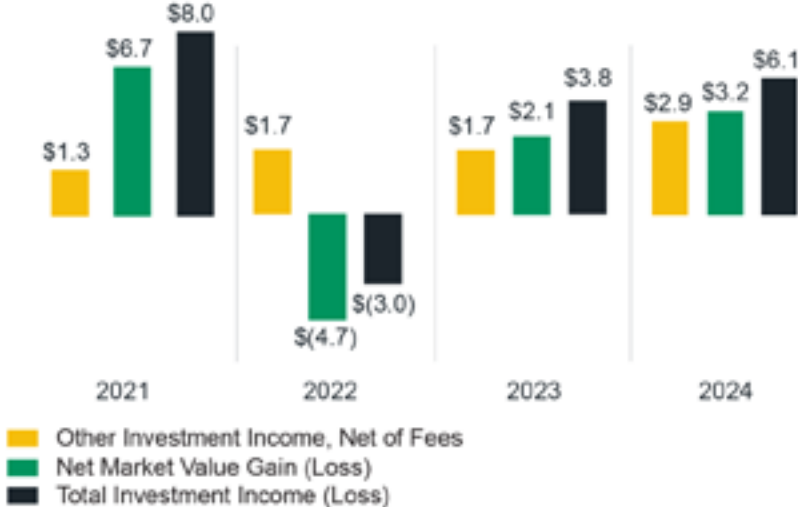


balance. The allocation percentages at the end of fiscal 2024 are in line with the percentages at the end of the prior year.

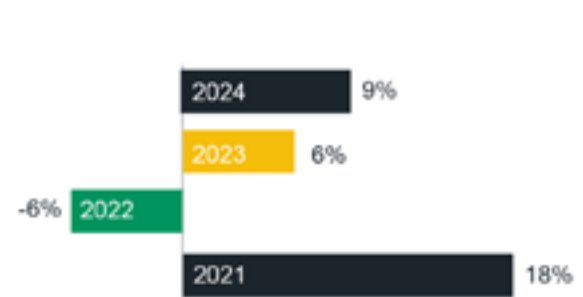
NASBA also has a minimal ownership percentage in a company that includes the operations of a formerly wholly-owned subsidiary. This investment is shown as Investment in affiliate in the consolidated statements of financial position.

The total investment securities balance at July 31, 2024 was \$57.0 million. This is an increase from the \$51.9 million balance at July 31, 2023. The chart below shows the net investment income for fiscal 2024 of \$6.1 million. This includes the net market value gain of \$3.2 million, compared to the \$2.1 million gain in fiscal 2023. Also shown in the chart is other investment income, comprised of interest and dividends, net of investment fees.

INVESTMENT INCOME
In Millions



LONG-TERM INVESTMENT RETURN



**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2024**

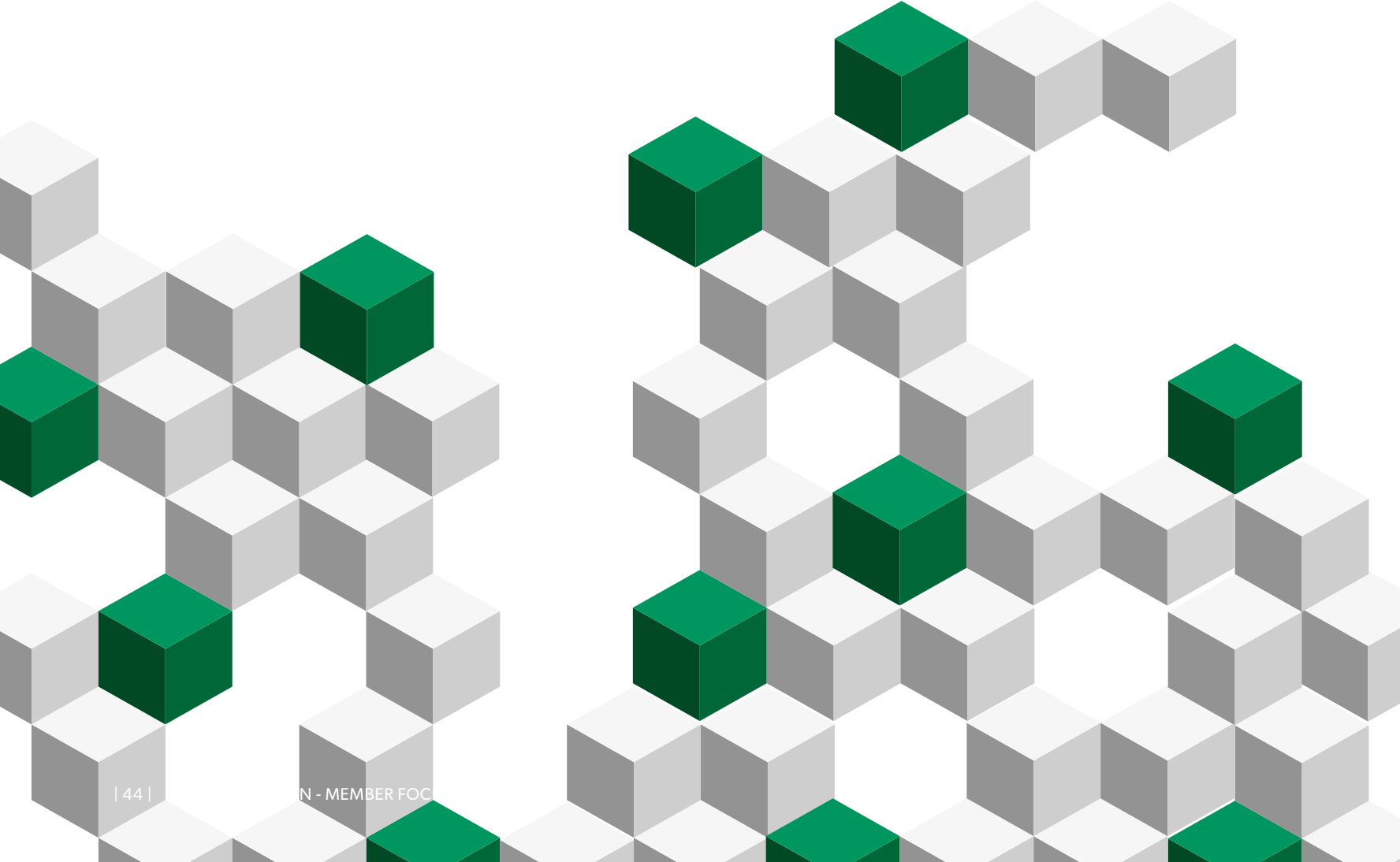
CASH FLOW, FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents increased by a net of \$5.7 million in fiscal 2024. 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. As previously discussed, the increase in cash from operations was reinforced in particular by the pre-CPA Evolution candidate volume. In addition, interest and dividends received of \$3.0 million increased net cash provided by operating activities. Most of the interest and dividends received were subsequently reinvested. A significant cash use was the investment of \$2.9 million for capitalized software development in fiscal 2024 related to Gateway software for CPA Evolution and other internal software used to evaluate credentials and process applications for CPA Examination candidates. This project was finished at the end of August 2023 in anticipation of the January 1, 2024 launch of CPA Evolution.

CASH PROVIDED (USED)
In Millions



Total cash and cash equivalents were \$24.5 million at July 31, 2024. The continued higher volume of CPA Examination candidates leading to the January 1, 2024 CPA Examination change helped to fund the remaining portion of the examination-related IT projects during fiscal 2024. Note 5 of the consolidated financial statements details the \$82.2 million of financial assets available for general expenditure in fiscal 2025. This includes both the cash and cash equivalents balance and specific detail of the \$57.0 million investment securities balance available for general expenditure in the near term. At this time, management does not anticipate the need to liquidate any long-term assets to meet cash needs during fiscal 2025.



**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.
MANAGEMENT DISCUSSION AND ANALYSIS—FISCAL 2024**

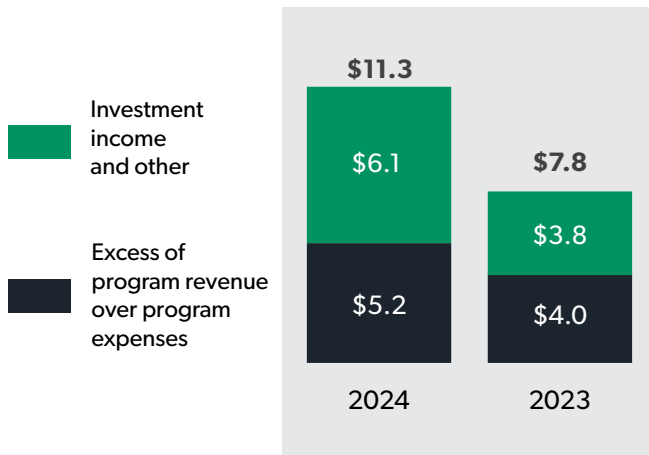
NET ASSETS

The total increase in net assets for fiscal 2024 was \$11.3 million. The change in net assets for both fiscal 2024 and fiscal 2023 are shown in the chart below. The increase in net assets for both fiscal years is bolstered by CPA Examination candidate volume and market gains for investment securities. Included in investment income and other is the postretirement benefit cost for fiscal 2024 and 2023, respectively.

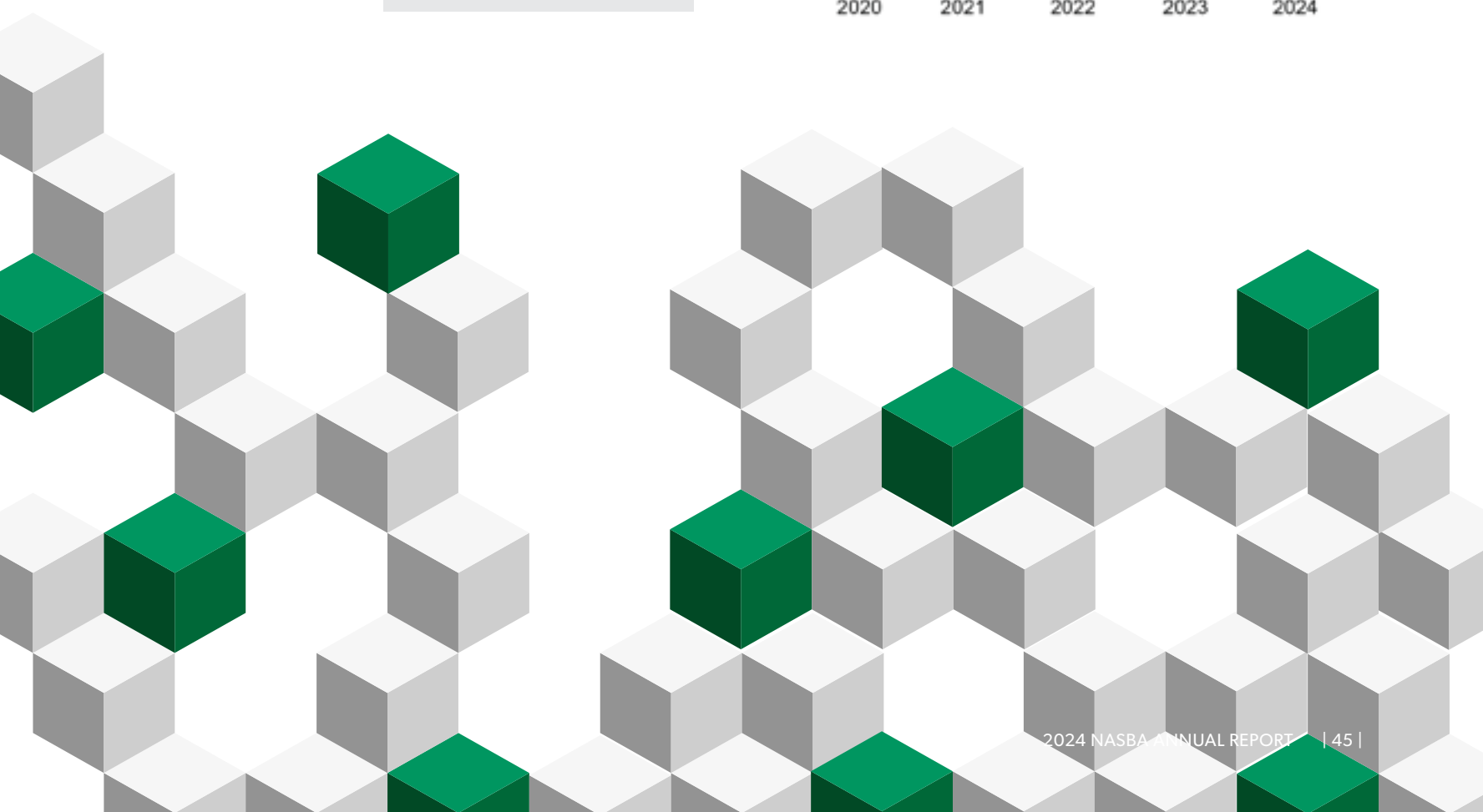
During fiscal 2024, NASBA served Boards through its Mission activities as well as strengthened its financial position. NASBA

continued to meet the challenges faced by the CPA pipeline through projects aimed at ultimately increasing the number of CPAs which is a vital part of protecting the public. NASBA continued its high level of Mission-related Member services expenditures. IT projects were completed on schedule and within budget. In addition, new IT projects on behalf of Boards were started. NASBA, again, achieved a successful financial fiscal year in terms of increase to net assets. This helps continue to provide and fund new services and projects for Boards. It also solidifies NASBA's financial stability for the future. Through all of the transitions during fiscal 2024, NASBA is positioned to innovate, collaborate and succeed into the new fiscal year.

**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 24, 2024

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, 2024, 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 virtual 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, 2025; 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, 2024.

Respectfully submitted,

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

By: Laurie A. Warwick, CPA, Chair

Other Members of the Committee

Phillip Austin, CPA
Bernita Demery, CPA
Tyrone E. Dickerson, CPA
M. Aron Dunn, CPA
Leilani Rodrigo, CPA
Debra Seefeld, CPA



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of the National Association of State Boards of Accountancy, Inc. and subsidiaries, which comprise the consolidated statements of activities and functional expenses for the years ended July 31, 2024 and 2023, the related consolidated statements of financial position as of July 31, 2024 and 2023, 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, 2024 and 2023, financial position as of July 31, 2024 and 2023, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the

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

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

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

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

LBMC, PC

Brentwood, Tennessee
September 24, 2024

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

	2024	2023
Program Revenue		
Examination, licensing and related services	\$ 42,706	\$ 37,092
Member services, dues and other revenue	1,432	1,253
Total program revenue	44,138	38,345
Program Expenses		
Examination, licensing and related services	27,301	22,887
Member services:		
Regulation and public protection	8,781	8,899
Committees and conferences	1,943	1,802
Other	820	770
Total program expenses	38,845	34,358
Excess of Program Revenue Over Program Expenses	5,293	3,987
Net Assets Released from Restrictions	24	3
Postretirement Benefit Cost	(80)	(97)
Investment Income	6,077	3,849
Increase in Net Assets Without Donor Restrictions	11,314	7,742
Change in Net Assets with Donor Restrictions		
Contributions and investment income	25	69
Net assets released from restrictions	(24)	(3)
Increase in Net Assets With Donor Restrictions	1	66
Increase in Net Assets	11,315	7,808
Net Assets, Beginning of Year	79,567	71,759
Adoption of Credit Losses Standard	(1)	-
Net Assets, End of Year	\$ 90,881	\$ 79,567

See Accompanying Notes to Consolidated Financial Statements

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

	Examination, licensing and related services	Member services	Total
2024			
Compensation	\$ 9,953	\$ 3,885	\$ 13,838
Benefits, taxes and other employee costs	2,785	965	3,750
Conferences and meetings	120	1,328	1,448
Travel	75	1,064	1,139
Technology	1,669	840	2,509
Professional services	5,586	2,073	7,659
Credit card and other program service costs	2,484	27	2,511
Occupancy	1,226	427	1,653
Depreciation and amortization	2,820	661	3,481
Office	343	77	420
Marketing and community support	13	68	81
Other	227	129	356
Total	<u>\$ 27,301</u>	<u>\$ 11,544</u>	<u>\$ 38,845</u>

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

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 24,539	\$ 18,823
Receivables, net	1,277	2,059
Prepaid expenses	1,219	942
Total current assets	27,035	21,824
Investments and Other Assets		
Investment securities, at fair value	56,996	51,942
Investment in affiliate	884	884
Other assets	331	345
Total investments and other assets	58,211	53,171
Property and Equipment		
Less accumulated depreciation and amortization	8,808	8,725
Net property and equipment	2,603	3,108
Operating lease right-of-use assets		
Operating lease right-of-use assets	4,181	5,411
Software Development Costs		
Less accumulated amortization	20,864	19,952
Net software development costs	13,525	13,518
Total assets	\$ 105,555	\$ 97,032
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 5,785	\$ 6,584
Deferred revenue	2,929	3,423
Operating lease liabilities	1,607	1,670
Other current liabilities	50	67
Total current liabilities	10,371	11,744
Long-term Liabilities		
Operating lease liabilities	3,935	5,398
Other long-term liabilities	368	323
Total long-term liabilities	4,303	5,721
Total liabilities	14,674	17,465
Net Assets		
Without donor restrictions	90,502	79,189
With donor restrictions	379	378
Total net assets	90,881	79,567
Total liabilities and net assets	\$ 105,555	\$ 97,032

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

	2024	2023
Operating Activities		
Cash received for services	\$ 46,871	\$ 40,917
Cash received for membership dues	299	302
Cash received from donors to NASBA Center for the Public Trust	182	158
Interest and dividends received	3,039	1,759
Cash paid to employees, vendors and others	(37,067)	(33,935)
Cash paid for operating leases	(1,694)	(1,798)
Cash received from examination candidates for examination partners	50,542	50,554
Cash paid to escrow accounts for examination partners	(51,374)	(50,213)
	10,798	7,744
Investing Activities		
Property and equipment additions	(267)	(240)
Capitalized software development costs	(2,927)	(4,656)
Purchases of investment securities	(13,562)	(15,825)
Proceeds from sale of investment securities	11,678	13,954
Other	(4)	(10)
	(5,082)	(6,777)
Net Increase in Cash and Cash Equivalents	5,716	967
Cash and Cash Equivalents, Beginning of Year	18,823	17,856
Cash and Cash Equivalents, End of Year	\$ 24,539	\$ 18,823

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

	2024	2023
Reconciliation of increase in net assets to net cash provided by operating activities:		
Increase in net assets	\$ 11,315	\$ 7,808
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	769	765
Amortization of software development costs	2,712	1,008
Gains on investment securities	(3,170)	(2,110)
Noncash lease expense	1,230	1,292
Loss on disposals of property and equipment	3	3
Gains on endowment fund investment securities	(16)	(3)
Changes in assets and liabilities		
(Increase) decrease in:		
Receivables, net	781	(692)
Prepaid expenses and other assets	(243)	(139)
Increase (decrease) in:		
Accounts payable, accrued and other liabilities	(563)	224
Deferred revenue	(494)	1,176
Operating lease liabilities	(1,526)	(1,588)
Net cash provided by operating activities	\$ 10,798	\$ 7,744
Supplemental Disclosures		
Accrued capitalized software development costs	\$ -	\$ 208
Noncash recognition of operating lease right-of-use assets upon adoption of Accounting Standards Codification 842	\$ -	\$ 6,505
Noncash recognition of operating lease right-of-use assets in exchange for new operating lease liabilities	\$ -	\$ 198

See Accompanying Notes to Consolidated Financial Statements

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Nature of Operations

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

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

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

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

Note 2. Significant Accounting Policies

Basis of presentation

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

Principles of consolidation

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

Newly adopted accounting pronouncement

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326) ("ASU 2016-13"), which requires financial assets to be presented at the net amount expected to be collected, with an allowance for credit losses to be deducted from the amortized cost basis of the financial asset such that the net carrying value of the asset is presented as the amount expected to be collected. Under ASU 2016-13, the entity's statement of activities is required to reflect the measurement of credit losses for newly recognized financial assets, as well as expected increases or decreases in expected credit losses that have taken place during the period. NASBA adopted ASU 2016-13 effective August 1, 2023, through a cumulative adjustment to net assets. The adoption of this update had no significant impact on NASBA's 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, 2024, no portion of the balance exceeded the FDIC insurance limits. 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.

NASBA's financial assets that are subject to the estimation of expected credit losses are primarily comprised of trade receivables. NASBA considers trade receivables to be at low risk of non-collection due to the historically high collection rate. NASBA has elected to estimate the expected credit losses for trade receivables by using the aging method, which estimates the expected credit losses by evaluating the historical credit losses associated with each aging bucket. The allowance at July 31, 2024 is \$1,000. Based on the aging method and the consideration of other financial factors and conditions, no adjustment was made to the allowance during fiscal 2024. This estimate will be re-assessed each reporting period. Additionally, management has determined that no allowance was required for CPT contributions receivable at July 31, 2024.

During fiscal 2023, prior to the adoption of ASU 2016-13, NASBA accounted for receivables under previous GAAP. The carrying amount of all receivables were evaluated and reduced by a valuation allowance, if necessary. The need for an allowance was determined based on management's knowledge of its customers, contributors, historical loss experience and existing economic conditions. Management determined that no allowance was required at July 31, 2023.

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

Prepaid expenses

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

Investment securities

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

CPT's donor-restricted endowment funds are invested in accordance with a policy approved by the CPT Board of Directors and are invested in equity, fixed income and diversified securities.

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

Investment in affiliate

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

and which might indicate a change in fair value at the date of the transaction. This investment is discussed more fully in Note 6.

Property and equipment

Property and equipment acquired are stated at cost. Assets are either depreciated using the straight-line method over their estimated useful lives or, in the case of leasehold improvements, amortized over the shorter of their useful life or the term of the lease. The estimated useful lives range from 2 to 5 years for office and computer equipment and 8 to 12 years for furniture. The cost of property and equipment is recorded in the consolidated statements of financial position until the asset is disposed. Repair and maintenance costs are expensed as incurred. Property and equipment are discussed more fully in Note 7.

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. Software development costs are discussed more fully in Note 8.

Leases

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

Realization of long-lived assets

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

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

Net assets

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

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

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

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All net assets with donor restrictions are associated with CPT and are discussed more fully in Note 10.

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 2024:

(In thousands)	Revenue from contracts with customers	Other sources of revenue
Examination, licensing and related services	\$ 42,706	\$ -
Member services, dues and other revenue	1,222	210
Total Revenue	\$ 43,928	\$ 210

The following is the amount of revenue recognized in the consolidated statements of activities from contracts with customers and other sources of revenue for fiscal 2023:

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

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Total revenue from contracts with customers recognized over time was \$42,350,000 and \$37,028,000 for fiscal 2024 and 2023, respectively. Total revenue from contracts with customers recognized at a point in time was \$1,578,000 and \$1,185,000 for fiscal 2024 and 2023, respectively.

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

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

NASBA primarily receives payment in advance at the time the services are requested by the customer. In all other instances, NASBA receives payment from customers based on billing schedules established in its contracts. NASBA's right to consideration that is unconditional and has been invoiced is considered to be a receivable. Contract assets include amounts for which NASBA has a right to consideration in exchange for goods or services that NASBA has transferred to the customer but has not invoiced. These contract assets total \$96,000, \$100,000 and \$197,000 at July 31, 2024, July 31, 2023 and August 1, 2022, respectively, and are included in receivables, net, 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 \$2,929,000, \$3,423,000 and \$2,247,000 at July 31, 2024, July 31, 2023 and August 1, 2022, 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 14.

Contributed services

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

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

Note 3. Contributions Receivable

Contributions receivable, consisting of pledges to CPT, at July 31, 2024 and 2023 total \$90,000 and \$58,000, respectively. These amounts are due in less than one year at their respective dates. Contributions receivable are included in receivables, net, in the consolidated statements of financial position.

Note 4. Fair Value Measurement

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

At July 31, 2024 and 2023, 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, 2024 is as follows:

(In thousands)	Level 1	Level 2	Total
Assets in the Fair Value Hierarchy:			
Mutual Funds			
Equity securities	\$ 12,983	\$ -	\$ 12,983
Fixed income securities	2,674	-	2,674
Diversified investments	1,042	-	1,042
Money market	1,183	-	1,183
Total mutual funds	17,882	-	17,882
Exchange-traded Funds			
Equity securities	5,968	-	5,968
Total exchange-traded funds	5,968	-	5,968
Separately Managed Accounts			
Equity securities	5,301	-	5,301
Fixed income securities	883	-	883
Total separately managed accounts	6,184	-	6,184
U.S. Government and Other Debt Obligations			
Certificates of deposit	-	953	953
Treasury securities	-	7,675	7,675
Federal agency securities	-	1,710	1,710
Corporate bonds	-	8,994	8,994
Total U.S. government and other debt obligations	-	19,332	19,332
Managed Pool Accounts			
Diversified investments	-	1,028	1,028
Total managed pool accounts	-	1,028	1,028
Total assets in fair value hierarchy	\$ 30,034	\$ 20,360	50,394
Investments measured at NAV as a practical expedient:			
Diversified investments			6,602
Total Investment Securities			\$ 56,996

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

Note 4. Fair Value Measurement (Continued)

The fair value of investment securities at July 31, 2023 is as follows:

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

NASBA has three investment funds which are measured at NAV as a practical expedient totaling \$397,000 and \$460,000 at July 31, 2024 and 2023, respectively. These funds have a strategy of investing in real estate, natural resources, power generation assets, financially distressed companies, and other private equity opportunities. Distributions will be made periodically over a period, including extensions, of up to approximately seven years from the end of fiscal 2024. These funds had a total commitment of \$750,000 in which the commitment period has ended. However, additional contributions may be required at the discretion of the investment manager up to the total commitment during the distribution period. NASBA has an additional investment fund which is measured at NAV as a practical expedient totaling \$5,000 at July 31, 2024. NASBA committed to contribute a total of \$500,000 to this fund. At July 31, 2024, \$495,000 of the total commitment remains and the commitment period is open for approximately 3 years from the end of fiscal 2024. The fund has a strategy of investing in financially distressed companies. Distributions will be made periodically over a period, including extensions, of up to approximately ten years from the end of fiscal 2024.

In addition, four other investments measured at NAV as a practical expedient totaling \$6,200,000 and \$5,815,000 at July 31, 2024 and 2023, respectively, were invested with investment companies in which redemption is typically either permitted on a quarterly or monthly basis. The total amount of all requested redemptions for each period may be limited. For one of the investments, shares that have not been outstanding for at least one year will be repurchased at 95% of the transaction price.

The managed pool account included in Level 2 investments may be redeemed on a daily basis. NASBA's nonfinancial assets include property, equipment, ROU assets and software development costs. If certain triggering events occur, a resulting asset impairment would require that the nonfinancial asset be recorded at fair value. During fiscal 2024 and 2023, NASBA did not measure any nonfinancial assets at fair value or recognize any amounts in the consolidated financial statements related to changes in fair value for nonfinancial assets.

The fair value of investment securities in CPT's endowment fund at July 31, 2024 and 2023 is \$173,000 and \$153,000, respectively. The securities are Level 1 mutual funds and exchange-traded funds. They are included in other assets in the consolidated statements of financial position.

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

Note 5. Liquidity and Availability

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

(In thousands)	2024	2023
Cash and cash equivalents	\$ 24,539	\$ 18,823
Receivables, net	1,277	2,059
Investment securities, at fair value	56,996	51,942
Investment in affiliate	884	884
Endowment fund (included in other assets)	173	153
Total financial assets	83,869	73,861
Investment securities with liquidity horizons greater than one year	(402)	(460)
Investment in affiliate	(884)	(884)
Donor-imposed restrictions on CPT financial assets	(379)	(378)
Financial assets available to meet cash needs for general expenditures within one year	\$ 82,204	\$ 72,139

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, \$24,072,000 and \$21,961,000 of long-term investment securities at July 31, 2024 and 2023, respectively, are invested in lower risk fixed income and money market securities. In addition, \$32,522,000 and \$29,521,000 are invested in securities which could be liquidated within one year at July 31, 2024 and 2023, 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 \$402,000 and \$460,000 at July 31, 2024 and 2023, respectively, is invested in securities with redemption limitations.

Note 6. Investment in Affiliate

NASBA holds an equity interest in a privately held limited liability company which is accounted for as described in Note 2. No impairment or observable price changes were deemed present and no adjustment to the carrying value was made in fiscal 2024 or 2023.

Note 7. Property and Equipment

Property and equipment at July 31 consists of the following:

(In thousands)	2024	2023
Office and computer equipment	\$ 2,536	\$ 2,447
Furniture	1,899	1,876
Building and leasehold improvements	4,373	4,402
Total Property and Equipment	8,808	8,725
Accumulated depreciation and amortization	(6,205)	(5,617)
Net Property and Equipment	\$ 2,603	\$ 3,108

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

Note 8. Software Development Costs

The estimated amortization expense of software development costs for the succeeding five fiscal years at July 31, 2024 is as follows in thousands:

Fiscal 2025	\$	2,198
Fiscal 2026		2,148
Fiscal 2027		2,148
Fiscal 2028		2,114
Fiscal 2029		1,902

Note 9. Leases

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

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

Lease expense from operating leases was \$1,693,000 and \$1,779,000 in fiscal 2024 and 2023, respectively, including \$294,000 and \$268,000, respectively, of variable lease costs.

The weighted-average lease terms and discount rates for the operating leases are 3.48 years and 2.64%, respectively, for fiscal 2024, and 4.41 years and 2.65%, respectively, for fiscal 2023.

Lease liability maturities under the office space leases as of July 31, 2024 are as follows in thousands:

Fiscal 2025	\$	1,629
Fiscal 2026		1,634
Fiscal 2027		1,683
Fiscal 2028		865
Total lease payments		5,811
Less imputed interest		269
Total Lease Liability	\$	5,542

NASBA had a sublease agreement for its New York office space under an operating lease. Sublease income from this operating lease was \$37,000 and \$150,000 in fiscal 2024 and 2023, respectively, and is included in occupancy expense in the consolidated statements of functional expenses. The sublease expired in October 2023. There are no rental payments to be received in the future from the sublease.

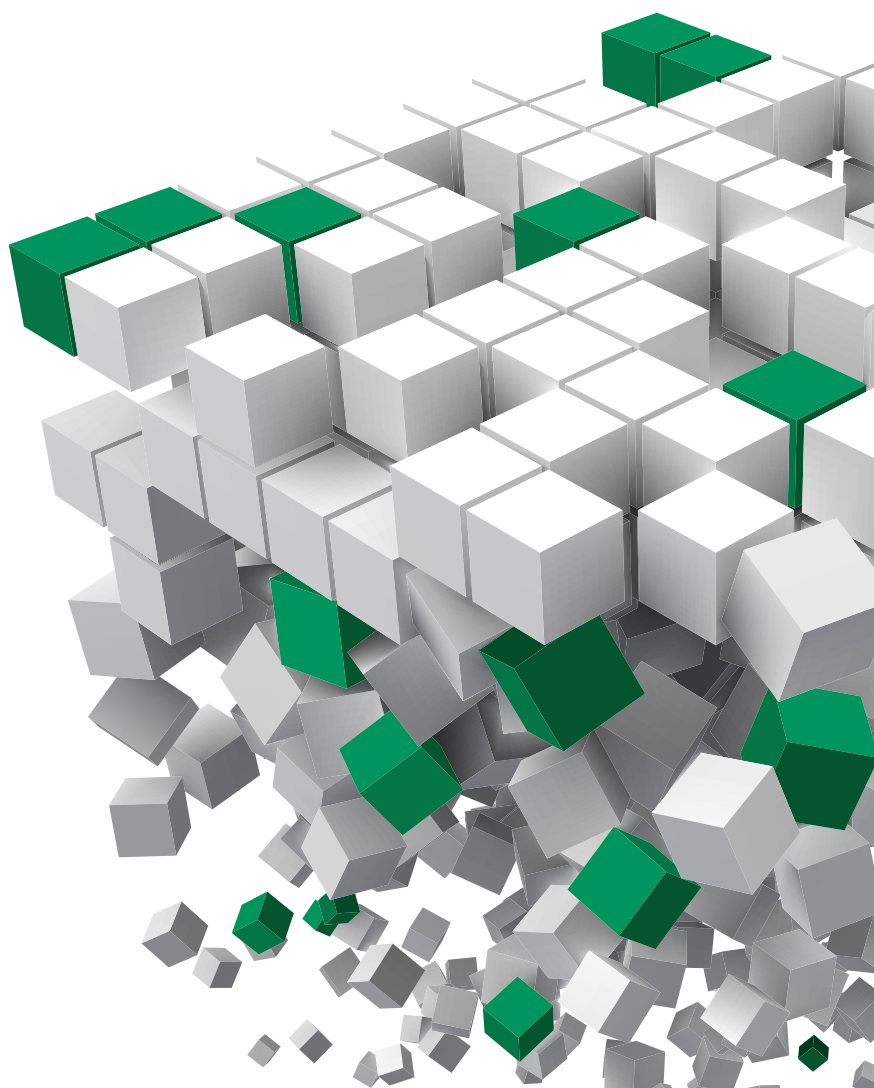
Note 10. Net Assets with Donor Restrictions

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

(In thousands)		2024		2023
Purpose-restricted	\$	206	\$	225
Endowment fund		173		153
Total Net Assets with Donor Restrictions	\$	379	\$	378

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, 2024 and 2023, respectively, are \$1,214,000 and \$966,000.



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

Note 11. 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, 2024 and 2023, these escrow funds amounted to approximately \$21,000,000 and \$24,000,000, respectively. These funds are held in depository accounts and U.S. Treasury notes. At July 31, 2024, 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 12. 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 \$699,000 and \$668,000 for fiscal 2024 and 2023, 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, 2024 and 2023, the accumulated postretirement benefit obligation was determined by an independent actuarial valuation to be \$418,000 (\$368,000 in other long-term liabilities and \$50,000 in other current liabilities) and \$340,000 (\$323,000 in other long-term liabilities and \$17,000 in other current liabilities), 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)	2024	2023
Components of net periodic cost:		
Service cost	\$ 7	\$ 10
Interest cost	15	8
Actuarial loss	65	89
Net periodic cost	87	107
Plan participants’ contributions	6	-
Benefits paid	(15)	-
Net change in benefit obligation	78	107
Benefit obligation at beginning of year	340	233
Benefit Obligation at End of Year	\$ 418	\$ 340

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

Note 12. Retirement Plan and Other Postretirement Benefits (Continued)

The discount rate used to value the obligation was 4.79% in fiscal 2024 and 4.76% in fiscal 2023. The assumed medical trend rate is 7.00% graded down to 5.60% over a period of 3 years and the assumed dental trend rate is 4.0% per annum. The actuarial loss of \$65,000 in fiscal 2024 is the result of the increase in the discount rate, a change in the health care cost trend rate, and differences in expected versus actual experience.

The obligation will be funded on a cash basis through partial payment of medical insurance plan premiums for a five-year period at each

eligible employee's retirement date. Employer contributions were \$9,000 in fiscal 2024. There were no employer contributions in fiscal 2023. The following table shows approximate actuarial projections of expected future postretirement benefit payments in thousands:

Fiscal 2025	\$	50
Fiscal 2026		62
Fiscal 2027		73
Fiscal 2028		84
Fiscal 2029		44
Fiscal 2030 through 2034		197

Note 13. Commitments

In fiscal 2019, NASBA entered into a multi-year Managed IT Services Agreement ("IT Agreement") to outsource most of the information technology services to a third party. Under the IT Agreement, the vendor will perform the majority of application and infrastructure services. During fiscal 2023, NASBA entered into an additional Statement of Work under the IT Agreement to add information technology security services to the other services performed by the vendor. Absent the exercise of certain termination options that NASBA has, the aggregate contractual payments would be \$22,716,000 (including cost of living adjustments) over the term of the IT Agreement and related Statement of Work.

In August 2022, NASBA renewed a commitment for information technology hosting services. The remaining commitment at July 31, 2024 is \$627,000. In addition, NASBA has other commitments for subscription services. The total remaining commitment for these other services is \$352,000 at July 31, 2024.

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

Note 14. 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)	2024	2023
Statutory federal income tax benefit	\$ (15)	\$ (13)
State income taxes	(5)	(4)
Other	-	(2)
Change in valuation allowance	20	19
Income Tax Benefit	\$ -	\$ -

The deferred income tax asset consists of the following:

(In thousands)	2024	2023
Deferred income tax asset	\$ 408	\$ 388
Valuation allowance	(408)	(388)
Net Deferred Income Tax Asset	\$ -	\$ -

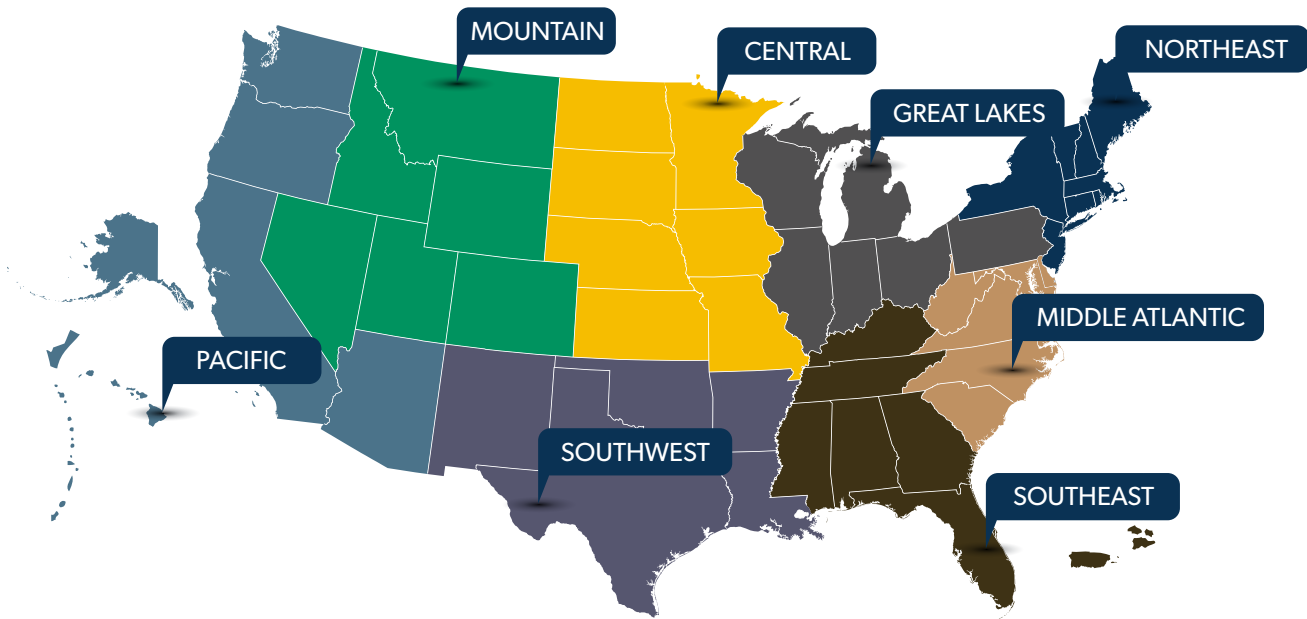
At July 31, 2024, Aequo had federal and state net operating loss carryforwards of \$1,473,000. The carryforwards expire at various dates beginning July 31, 2035 for federal tax purposes and July 31, 2030 for state tax purposes. The deferred tax asset relates primarily to federal and state net operating loss carryforwards. The valuation allowance is provided primarily for the net operating loss carryforwards that management has determined have not reached the "more likely than not" threshold for realization.

NASBA has adopted the recognition requirements for uncertain income tax positions and believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on NASBA's consolidated financial position, results of operations or cash flows. Accordingly, no liability is recognized for taxes, interest or penalties related to uncertain tax positions at July 31, 2024 and 2023. 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 2021.

Note 15. Subsequent Events

Management has evaluated all material events and transactions that occurred from July 31, 2024 through September 24, 2024, which is the date that the consolidated financial statements were available to be issued. There were no significant subsequent events that required adjustments to or disclosure in the consolidated financial statements.

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