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Report on the 118th Annual Meeting of the NASBA

The 118th Annual Meeting of NASBA was held in Chicago, Illinois, at the Sheraton Grand Chicago Riverwalk Hotel from Sunday, October 26 through Wednesday, October 29. The meeting was entitled: Together: Strong Foundations, Brighter Futures. In this report I will list the major highlights.

Since 1908, the National Association of State Boards of Accountancy has served as a forum for the nation's Boards of Accountancy, which administer the Uniform CPA Examination, license approximately 653,000 certified public accountants and regulate the practice of public accountancy in the United States. NASBA's mission is to enhance the effectiveness and advance the common interests of the Boards of Accountancy in meeting their regulatory responsibilities. It also promotes the exchange of information among accountancy boards, serving the needs of the 55 U.S. jurisdictions.

1. For D.C., the most important result was the election of a new Regional Director for our Middle Atlantic Region. This region includes Delaware, the District of Columbia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia.

The winner was Robert Todero, the chair of our D.C. Board. This is the highest position in the organization attained in living memory by someone from our D.C. Board. As Regional Director, Mr. Todero now will also serve on the NASBA Board of Directors. The newly-elected Board is designated for the 2025-2026 period, but Regional Directors have a longer term, typically for three years, with the possibility of reappointment.

Directors are responsible for facilitating communication between NASBA and state boards. They help implement NASBA's strategic initiatives and policies at the regional level. Further, Regional Directors participate in committees and task forces to address industry issues.

The description of Mr. Todero published by NASBA is as follows:

Robert Todero, CPA, CGFM, Esq., of Washington, DC, was elected Middle Atlantic Regional Director. Todero serves as the chair of the District of Columbia Board of Accountancy. A member of the AICPA, Association of Government Accountants, and the District of Columbia Bar Association, he has more than 37 years of experience providing financial statement audit and financial management consulting services, including 20 years of experience providing these services to Federal government agencies. Todero is a licensed CPA in the District of Columbia and Maryland, and he is a Certified Government Finance Manager (CGFM).

Congratulations, Mr. Todero!

2. At the opening session, the outgoing president, Ms. Maria Caldwell, said that 412 people were participating, either in person or virtually, and that 70 new members were appointed by the various jurisdictions each year. Her welcoming remarks were followed by an excellent film highlighting the city of Chicago.
3. The keynote address, given by Derek Young, addressed the need to “Link our Foundations to Our Future: The Power of Passion, Patience, and Partnerships.” He talked about the importance of integrity for accountancy, and he emphasized the need to partner with others. He said that times change, technology changes, but our principles do not. Key values for accounting are responsibility, concern for others, and learning. He observed that people do not hate change; rather, they like their habits and patterns. Accountants should strive to get out of their comfort zones. And, in an age of uncertainty, especially with deregulation, we need accountants to project certainty. Patience, strategy, and persistence, beat solo and silo, he said.
4. President Maria Caldwell then reviewed the major developments in accounting over the last year. She marveled that American CPAs, while a small group, support the world’s largest economy. The first year of Dan Dustin’s leadership as NASBA Executive Director has led to significant and meaningful improvements in the UAA, to new pathways into the profession, to NASBA’s unwavering commitment to excellence. Happily, there has been a 12% rise in students enrolling in accounting courses nationally. Deregulation has arrived powerfully. Thus, while the attempt in Florida to eliminate the accounting board failed this year, it was a wake-up call, she said. She also took note of the increasingly creative structures of private equity.
5. The current Chair of the AICPA, Lexy Kessler, reviewed activities in that organization, including work conducted jointly over a wide range of interests with NASBA. The partnership with NASBA continues.

6. This year NASBA hired a consultant, Mr. Brendan Tapley, to conduct a wide-ranging diagnostic study of the organization. He conducted 106 interviews over a 31-week period from December 2024 to August of 2025. A total of 104 hours of interviews culminated in 368 pages of feedback. His oral presentation was riveting and, to me, fully accurate.

Overall, what did the interviewees think of NASBA? One indicator: Our region rated NASBA's effectiveness as 7.5 out of 10.

His remarks began with a series of representative quotes. Here were the first five cited:

- Sometimes I think NASBA believes it's in charge of the boards, but the boards are in charge, and it's our resource.
- Over the past two years, NASBA has lost its way.
- NASBA is like an organization that was a startup but can't become a corporation. It runs like it's still out of the back room.
- NASBA always delivers. They find a way to do what the boards need. As soon as we need anything, we call them, and they deliver.
- Because there are 55 of us, to be able to juggle all they do and to still feel like you're getting personalized attention—that's a unique and very desirable thing to have.

In a dramatic section called the Insights of Upheaval he reported that interviewees saw past leadership of NASBA as autocratic and cliquish, hierarchical, and a group that put profit over service; the tone was holier than thou; the organization was overly deferential to the AICPA; and internal governance involved politics over expertise. Further, the organization was conflict-averse.

In his remarks he focused on opinions concerning communications and engagement; governance; CPA tendencies; and membership fickleness. So, Mr. Tapley identified six "rooms" for the organization to address: brand identity; communications and engagement; governance; internal; meetings; and deregulation.

NASBA has begun to respond to these findings, and a strategic planning committee has been created to plot the path forward.

7. After a break, an extremely popular panel featured the Private Equity Task Force. This eight-member task force has produced a document entitled: Alternative Practice Structures & Private Equity: Considerations and Questions for Boards of Accountancy. It solicits comments by the end of this coming January. The report should be made available very shortly to all; I have a copy in the official binder.

The goal is to educate Boards of Accountancy and policymakers about both the benefits and challenges of PE investment and to raise questions about how best to protect investors and the public interest. The paper includes:

- Background on Board of Accountancy regulation of certified public accountants (CPAs) and CPA firms.
- An introduction to CPA firms operating in Alternative Practice Structure (APS) models that have PE investment.
- Three key topics and questions for Boards of Accountancy on regulating PE investment in CPA firms.

The Core Questions for Boards of Accountancy posed in this report are:

- What are the implications of differing state definitions of “the practice of public accountancy” for attest firms operating nationally under APS models?
- Would Boards of Accountancy find it helpful for the UAA to include definitions of “active individual participant” or “affiliated entities” within its requirements for non-CPA firm owners?
- How should Boards of Accountancy coordinate oversight when CPA firms operating under an APS model with PE investments conduct business across multiple jurisdictions?
- Regarding CPA firm registration requirements, do Boards of Accountancy need details on an attest firm’s principal place of business and physical presence in the jurisdiction to ensure compliance with relevant laws and rules?

8. Next, Katrina Salazar, Chair, Legislative Support Committee, and John Johnson, Vice President of NASBA for Legislative and Government Affairs, gave a half-hour report. This is a highlight for me, as I serve on that committee. The committee has met six times in the past year. Its task is to develop legislative support strategies and tactics to assist the Director of Legislative and Governmental Affairs in supporting Boards of Accountancy on legislative matters.

Key points:

- The Uniform Accountancy Act has been amended to allow for a new pathway to licensure. A third paragraph has been added to UAA Section 5 – Qualifications for a Certificate as a Certified Public Accountant:
 1. A post-baccalaureate degree conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or
 2. A baccalaureate degree plus an additional 30 semester credit hours, conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or
 3. A baccalaureate degree conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule.
- With the new third paragraph as a route, candidates will have to undergo two years of experience. Thus, the routes now are:
 1. Pass the uniform CPA examination; and
 2. A post-baccalaureate degree with a concentration in accounting or an equivalent and not less than one year of experience both as defined in Board rule; or
 3. A baccalaureate degree plus an additional 30 semester credit hours with a concentration in accounting of an equivalent and not less than one year of experience both as defined in Board rule; or
 4. A baccalaureate degree with a concentration in accounting or an equivalent and not less than two years of experience, both as defined by Board rule.

- Also, regarding mobility of holders of the CPA license, the section has been restated as follows:

Mobility for licensees is moving from being tied to a state-based substantial equivalency model **to** a model of being determined by how a person was licensed or individual-based mobility.

Note the new, “safe harbor” language: An individual, whose principal place of business is not in this state, and who holds a valid license as a Certified Public Accountant from any state, as of December 31, 2024, and as of such date, has practice privileges in this state under Section 23, shall continue to have all the privileges of licensees in this state without the need to obtain a license under Sections 6 or 7.

- The speakers announced that as of the meeting, a total of 56% of the jurisdictions (including DC) moved forward with Pathways and/or Mobility in 2025! In addition. Fully 54% have moved forward with the Pathways changes. Almost half have moved forward with the Mobility language added.
- Next, the committee spoke about the Key Person Contact Program. This exists to develop strong grassroots relationships with elected members of state and federal legislative and executive branches of government in every jurisdiction.

The goal: to help 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. The member acts as a liaison between NASBA and lawmakers, creating a line of communication to relay technical and general information regarding legislative issues that impact the profession.

Even a single letter or call from someone an elected official knows, and trusts can make a pivotal difference in an issue’s outcome.

This Key Person Contact individual:

- Explains how an effectively regulated accounting profession can have profound benefits for the economy.
- Reinforces the idea that oversight of the accounting profession positively impacts capital markets and is in the public interest.
- Heightens a legislator’s accountability to his or her constituents and provides a second avenue to influence public policy decisions.
- Localizes and personalizes the political aspects of legislation.

Members of the D.C. Board or others who might have close contact personally with Members of the Council of the District are requested to sign up for the program. Sign up is quick, via a simple form found on Nasba.org.

- A colorful electronic Deregulation Toolkit – Identified Resources was shown. This chart is chock full of information prepared for state Executive Directors and others when dealing with legislative drives to deregulate the field of accounting and to eliminate Boards of Accounting. It combines many legislative and communication suggestions that have been utilized to combat deregulation. Pressing on the category in this electronic toolkit brings up these resources, ones that will prove helpful to both boards and legislators alike. Accompanying that chart is a second one, called Deregulation Toolkit and Resources. This second chart lists fifteen issues and types of methodologies that might be most helpful to those in the field.
- Finally, the results of a quick poll of Executive Directors of state accounting boards were shown addressing anti-CPE, anti-regulation, and anti-board actions. The poll results indicate that NASBA and others must remain vigilant in the face of deregulatory moves in the years ahead.

9. The substance of a CPE Statement on Standards, contained in an exposure draft about to be circulated for comments, was presented by Laurie Warwick, the Chair of the NASBA CPE Committee. Currently,

- 19% of jurisdictions polled report that Yes, CPE sponsors are required to be NASBA Registry or State Registry Approved
- 19%: Conditional, specific delivery methods required to be NASBA Registry Approved
- 62%: No, sponsors not required to be Registry Approved
- 72%: Yes, NASBA Registry Sponsors/ The Standards are mentioned in the states' CPE Rules and
- 28% No, Registry/ Standards are not mentioned.

She reported that five delivery methods for CPE are currently utilized. These are

- Group Live
- Group Internet-Based
- QAS Self Study
- Nano learning, and
- Blended Learning

Currently, most boards require that a minimum of one credit be earned before any partial credit can be granted. Further, most boards will accept partial credit, after the first CPE credit, to be earned in .2 or .5 credit increments. Finally, there is variation where boards allow partial credit in any amount or have different threshold amounts for minimum credit for courses.

She said that updates are needed in CPE administration because there have been advancements in technology and learning platforms, given the transformative impact of Artificial Intelligence and other developments in teaching and learning modalities, current inherent challenges among delivery methods, and because of the need to adopt strategies for building flexibility to accommodate future innovations.

The basic framework of CPE rests upon the Seven Principles Framework. These principles include Learning Objectives; Quality of CPE Programs; Participant Engagement; CPE Program Completion Verification; CPE Program Measurement; Participant Communication; and Required Documentation of CPE Programs.

What is now sought is to make a change in the requirements for feedback on review questions. We want to move away from requiring evaluative feedback for each incorrect answer and provide reinforcement feedback for the correct answer. In addition, it is proposed to continue to require feedback to be provided for reviewing questions and other content reinforcement tools but also to allow for more principles-based feedback.

There is a form available for board members to comment on the exposure draft regarding proposed changes to the Statement on Standards for CPE Programs.

10. There then follow a report from the NASBA Center for the Public Trust, entitled *Growth in Ethics*. The various activities of the CPT were explained.

With 59 chapters in institutions of higher education nationwide, the CPT has mounted a series of ethics-related programs. Moreover, the Ethical Leadership Certification Program educated 5,816 new learners in the past year, yielding a total of 39,281 lifetime users. Additional programs included an ethical leadership training offering for 19 boards and an Ethics in Auditing and Integrity Conference, with 165 attendees.

Finally, a fundraiser event was held at the Chicago hotel following the presentation of the report; it was later pronounced a success for the CPT.

11. Sessions on Tuesday began with Regional Breakout Meetings. In our Middle Atlantic section, each state presented key issues. Major topics including the question of how many hours of CPE should be required; what to do with people who don't get sufficient CPE; how the CPE is administered; what requirements exist for those who take CPE in their home states not in the present state; the need for us to have a retired CPA designation; the question of using a CPA title in private equity firms, the differences that might exist between AICPA and NASBA; state lobbying rules for board members and others; and a report from one state that firms are asking what specialty students have taken in the CPA exam.
12. There followed a series of sessions regarding NASBA Awards for outstanding performances in the field, the official elections of NASBA Board Members; the Bylaws Committee Report; the Administration and Finance Committee Report; and the Audit Committee Report. The attendees unanimously approved of all proposed language changes.
13. Then, Dan Dustin, the President and CEO of NASBA, reported on the State of the Organization. He began by calling for revisiting the NASBA culture, developed over the 118-year history of the organization; refining our technology; reframing our regulations; reflecting rigorously, and reasserting NASBA as the first call on CPA and accounting matters.

NASBA, which now has 135 staff members, has released a new Accounting License Database, the ALD. The launching of this CPA Verify system means that this national base can be searched for individual states or for multiple states. One can find the licensure status of all CPAs in a firm, saving hours of time that previously would be needed.

Next, he suggested that the follow-up to the Diagnostic-reported analysis of NASBA internally includes understanding the diagnostic; reporting; vetting; prioritizing; planning and implementing. A Strategic Plan committee will be assessing the suggestions of the Diagnostic.

Further, the organization is studying changes in its Enterprise Risk Management. Also, joint NASBA-AICPA activities continue apace.

What are the top legislative threats at the present time? These include elimination of boards of accounting; lowering educational requirements to the associate degree level; and eliminating Continuing Professional Education.

The coming year will also see controversy over use of the CPA title; new licensing systems; and enhanced attention to ethics.

14. Following the conference's recognition of the outstanding work of the 2024-25 Chair of NASBA, Maria Caldwell, we were addressed by the incoming chair, Ms. Nicola Neilon. Both chairs were impressive, very thoughtful, in their remarks, I thought.
15. Next, there was a major presentation on Artificial Intelligence, "The Proactive Steward: How State Boards Can Guide an AI-Enabled Profession." The speaker was Dr. Markus Bernhardt. This was perhaps the most outstanding paper of the entire conference. He discussed the past: advanced fraud detection and predictive analytics and these give statistics as to what is a good fit. We need quality assurance, i.e., are the data still good?

However, there is a "governance gap" between regulatory development and the faster pace of technological adoption.

The speaker then presented a Regulatory Governance Matrix. This was a contingency table, with four cells. The line in the middle, horizontal, ran from Reactive to Proactive; the line in the middle, vertical, ran from competency-centric to technology-centric.

Top left cell: Professional Standards, updating the CPE and ethical standards are in response to failure; reactive.

Bottom left cell: Enforcement, compliance, misconduct checked, again reactive.

Top right cell: Future-Ready Stewardship -- actively seeking what the future will look like and how people should be treated, proactive.

Bottom right cell: this is systems transparency activity; setting future standards, the key to having everything in place. It is proactive.

We need a proactive stance, the speaker said. We should reject actions that erode public trust and reliance. The outcome is to strengthen the public trust and the relevance of accounting. A revitalized look at the pipeline is vital: this means acceleration of high-value skills and augmentation of human experience. Stewardship is the solution -- Future-Ready Stewardship.

The speaker then spoke of the amazing benefits of an innovative teaching device now available, computer-based **adaptive learning**. This is a flexible method based on computer algorithms and artificial intelligence creating customized activities for each learner. It is much more powerful as a learning tool than what is delivered via traditional methods, he said.

In adaptive learning, if the student types the wrong answer to a problem, the machine rejects it and suggests other potential paths; eventually, the student discerns the correct path to the answer. So, adaptive learning brings the student along by presenting examples to consider, an active process, not a passive one. Mr. Bernhardt has seen this method at work among chartered accountants in Ireland. This is a remarkably successful teaching strategy — the certificate pass rate has gone up dramatically. Thus, in adaptive learning the student learns on the computer by trial and error via computer-driven stages; wrong answers lead to the presentation of other possible answers, and by actively participating in finding the correct answer, the pathway becomes more imbedded in a student's mind.

He concluded his remarks by presenting a three-part roadmap for action.

1. Explore a model rule for computing competency
 2. Establish a task force for AI enforcement and guidance; pool together challenges and solutions
 3. Build guidance on AI ethics
16. There followed a session on the new CPA exam, given by Michael Decker of AICPA and William Emmer of NASBA. We are seeing higher rates of passage now, as test-takers adapt to the new exam. The exam is being held at 315 sites in the US and at 60 sites abroad, with new locations coming aboard in Houston, Dallas, Florida, New York, and Long Island soon. In Spring 2025 the enrollment in accounting courses nationwide was up 12%. Numbers for first time takers for the exam are high; this is the highest number of exam-takers and passers in a decade.

The challenges: There are 500,000 fewer students in colleges nationwide. A demographic cliff is being hit, in major part because of immigration policy changes. College enrollment is down 2 % undergraduate, 10% graduate. Plus, only 37% of Americans value higher education very strongly.

For universities, the challenges include the fact that previously we grew the Master of Accountancy program, for 150 credits total, and this is changing. Universities must adjust to the new examination structure, as well. Further, today's students want hybrid, career-oriented curricula.

Finally, firms are offshoring work, and Artificial Intelligence poses challenges to current levels of staffing.

In good news, NASBA is happy that its Mobile Ap is doing very well.

17. A Legal Update was given by Brenner Allen, the Chief Legal Officer of NASBA. Her office has four lawyers and one paralegal, and they offer help to our state based on our rules.

She reported that private equity and licensed professionals are on loan from the non-attest groups. There was a case in Texas where the plaintiff suing said he thought that he was dealing with a medical employee of the university, not of a private, money-making entity. A California law now says that private equity firms cannot offer professional judgments.

There have been a series of challenges, based on the First Amendment, to current board regulations of licensed professionals. In the Fourth Circuit a drone company gave maps to purchasers, and this may have violated their legal right to engage in land-based sales only. Is this regulating conduct or speech? In the Seventh Circuit a case has involved a woman who offered “death services” to support and advise families in distress. Indiana courts have said that she provided funeral services, which only licensed funeral directors can do.

On the issue of AI and licensed professions, a case against Morgan and Morgan involved the filing in court of non-existing “hallucinations” from AI. The firm itself was not sued. The violation was of federal rules. Investment companies are being fined for making wrong statements based on AI.

The United Kingdom has published an AI guide; this warns audit firms that if they are using AI and do not study their statements or monitor how AI is being used, they could be in big trouble. The PCAOB is getting involved. Deloitte in Australia has been found guilty of presenting to the government a report that was AI-assisted; it also contained falsehoods, hallucinations.

Recent cases include the National Association of Veterinary Technicians and another such organization. One group developed a new pathway to training; this should have been sent for review by the state board. Did the challenging association have status?

In an Indiana real estate case, a person was accused of violating professional rules by saying he was a property appraiser, but he did not have a license. He did not like the two members named to judge him. In Alaska, the Board of Dental Examiners objected that a licensee violated standards of care and revoked his license. He appealed, saying the judgment was too severe. The court found that there is no applicable precedent to limit the board’s action.

In North Carolina, a board revoked a license and assessed a high amount of costs. But several witnesses had testified virtually. Did this nullify their findings? The state court said the petitioner had sufficient notice and that virtual testimony did not violate the law.

18. The recent work of the International Qualifications Appraisal Board was presented by the chair of the board, Sharon Jensen, CPA. This is a Joint Committee of NASBA and the AICPA. Its work is to develop procedures for Mutual Recognition Agreements with Foreign Credentialing Bodies to allow an abbreviated pathway for foreign-trained accountants to potentially obtain the US CPA License. Our Boards of Accounting can opt to accept the MRAs and allow candidates to apply for the CPA License based on the IQAB's evaluation of the foreign credential substantial equivalency to US. When candidates pass the IQEX examination, most boards treat this as a reciprocal license or transfer.

To establish equivalency, IQAB must evaluate the education, the examination, the experience criteria, and the cultural business and economic environment of the applicants. Educational Criteria: applicants must hold a baccalaureate or higher degree; the university must be accredited; the university course content must be evaluated to ensure that accounting concentration hours are the equivalent of our requirements. Postgraduate programs must be evaluated for both content and testing of competence. Also, this must be at both the university and postgraduate levels.

She noted that Certified Accountants in the UK and other countries generally do not have audit rights; these must be earned via additional study. The AICPA examines exam content; are the rules like those of the US for CPAs? Candidates for MRA equivalence to the CPA apply; the IQAB forwards its recommendations to the Board of Directors of NASBA and the AICPA for approval.

Currently, we have MRAs with both Canada and Mexico, through 2028. The committee is now working on the following:

1. With The South African Institute of Chartered Accountants, drafting and reviewing language changes to MRA
2. With the Chartered Accountants Australia and New Zealand Exam, reviewing draft language changes to MRA
3. With CPA Australia, Ltd Exam Review, reviewing draft language changes to MRA

Big issues currently have to do with a possible new type of MR; there are lots of technical details that are quite complex, both in dealing with the UK and with Ireland.

There is a problem with foreign systems, which often have three to four years of university study and then several years, three to four years of professional training experience. This is more extensive than what we have in the US. Additionally, it has been found that although these MRAs were designed for entry level candidates, individuals who are more experienced are now applying.

19. A presentation followed on job stressors and career commitments in early-career auditors. Two scholars examined the issue, thanking the NASBA organization for the funding it awarded to them. They conducted interviews and circulated a questionnaire to gather the data for the research project. The goal is to present data which will help understand and perhaps ameliorate such stress on early-career auditors.
20. At this point, I left to take the bus and Metro to the airport; as the recipient of a scholarship, I wanted to save NASBA the money. In doing so, I missed the raffle, which I have never won. Surprisingly, as I later learned, this time, my name was called actually and had I been there, possibly I might have won some luxurious prize. Such is life.

Overall, I thought that this was a fact-filled, fascinating conference of professional accountants dedicated to advancing the profession, the most outstanding annual meeting of NASBA I have attended over the years.

Joseph Drew, PhD.

Member of the D.C. Board of Accountancy