



North Carolina State Board of Certified Public Accountant Examiners

Public Session Agenda

April 21, 2025

10:00 a.m.

I. Administrative Items

A. Call to Order

Under North Carolina General Statute 138A-15(e), every Board member must avoid conflicts of interest and appearances of conflict. Does any Board member have a known conflict of interest or appearance of conflict with respect to any matter coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from participating in that matter.

1. Conflict of Interest Checklist

B. Welcome and Introduction of Guests

C. Approval of Agenda **(ACTION)**

D. Minutes **(ACTION)**

E. Financial/Budgetary Items

1. March 2025 Financial Statements **(ACTION)**

II. Legislative & Rulemaking Items

A. Approval of Draft Rules **(ACTION)**

III. National Organization Items

A. Approval of Comments to Exposure Draft: Proposed Changes to the Uniform Accountancy Act **(ACTION)**

B. Summary of the Executive Director and Legal Counsel Conferences **(FYI)**

C. NASBA Committee Updates **(FYI)**

D. NASBA Eastern Regional Conference **(FYI)**

E. Discussion Memorandum: Potential Revisions to the AICPA Code of Professional Conduct and Guidance Related to Independence in Alternative Practice Structures **(FYI)**

F. Draft Alternative Practice Structure Guidelines **(FYI)**

IV. State & Local Organization Items

A. Status of Senate Bill 321: Accounting Workforce Development Act **(FYI)**

B. Summary of Senate Bill 451: Occupational/Professional Licensing Relief **(FYI)**

C. Summary of House Bill 763: Neighbor State License Recognition Act **(FYI)**

V. Committee Reports

A. Professional Standards Committee **(ACTION)**

B. Professional Education and Applications Committee **(ACTION)**

VI. Executive Staff and Legal Counsel Report

A. Operational Metrics **(FYI)**

B. Executive Staff Report **(FYI)**

C. Recognition of CPAs with 50 or More Years of NC CPA Licensure **(FYI)**

VII. Public Comments

VIII. Closed Session

IX. Adjournment



North Carolina State Board of Certified Public Accountant Examiners

PUBLIC SESSION MINUTES

March 17, 2025

BOARD MEMBERS IN ATTENDANCE: Gary R. Massey, CPA, President; Bernita W. Demery, CPA, Vice President; Jodi K. Kruse, CPA, Secretary-Treasurer; Maria M. Lynch, Esq.; D. Michael (Mickey) Payseur, CPA; Kecia Williams Smith, Ph.D., CPA; and Jennifer Van Zant, Esq.

BOARD STAFF IN ATTENDANCE: David R. Nance, CPA, Executive Director; S. Lynne Sanders, CPA, Deputy Director; Frank Trainor, Esq., Staff Attorney; Cammie Emery, Licensing Specialist; Alice Grigsby, Licensing Specialist; and Lisa Hearne-Bogle, Communications Officer.

OTHERS IN ATTENDANCE: Noel L. Allen, Esq., Allen & Pinnix, PA; Mark Sotichack, CPA, CEO, NCACPA; Robert Broome, NCACPA Director of Advocacy; Dr. Courtney Koll, CPA, Chair, NCACPA Board of Directors; Glen Cannon, CPA, Retired Partner, Cannon & Company, L.L.P.; Ann Cannon; Martha Marshall, CPA, Associate Professor Emeritus of Accounting, UNC Asheville; Tom Gatewood, Jr., CPA, Gatewood, Bagley & Huffman, CPAs, PC; Elizabeth Gatewood; and Sgt. J.D. Rattelade, Raleigh Police Department.

PUBLIC HEARING: Mr. Massey called the Public Hearing to order at 10:09 a.m. to hear Case No. C2024234, Stephen Len Walker. Mr. Walker was present for the Hearing but was not represented by counsel. Mr. Walker was sworn in and gave testimony. Dr. Smith moved, and Ms. Demery seconded the motion to enter a Closed Session to discuss legal matters with Mr. Allen. Upon returning to the Public Session, Ms. Van Zant moved, and Ms. Lynch seconded the motion to approve Mr. Walker's request for modification of discipline. (Appendix I) The motion passed with seven affirmative votes and zero negative votes.

CALL TO ORDER: Mr. Massey called the meeting to order at 10:39 a.m.

CONFLICT OF INTEREST: No Board members reported a conflict of interest.

APPROVAL OF AGENDA: Dr. Smith moved, and Ms. Demery seconded the motion to approve the revised agenda. The motion passed with seven affirmative votes and zero negative votes.

MINUTES: Ms. Lynch moved, and Ms. Kruse seconded the motion to approve the minutes of the February 17, 2025, meeting as presented. The motion passed with seven affirmative votes and zero negative votes.

FINANCIAL AND BUDGETARY ITEMS: Mr. Payseur moved, and Ms. Demery seconded the motion to approve the February 2025 financial statements as presented. The motion passed with seven affirmative votes and zero negative votes.

ELECTION OF OFFICERS: Ms. Van Zant moved, and Ms. Lynch seconded the motion to elect Ms. Demery, President; Ms. Kruse, Vice President; and Mr. Payseur, Secretary-Treasurer for 2025-2026. The motion passed with seven affirmative votes and zero negative votes.

LEGISLATIVE AND RULEMAKING ITEMS: Mr. Nance presented the draft rules to the Board and requested that members review them prior to the Board's April 21, 2025, meeting.

NATIONAL ORGANIZATION ITEMS: Mr. Nance summarized the NASBA/AICPA Exposure Draft on proposed changes to the Uniform Accountancy Act and stated he would provide a draft response to the Board at the April 21, 2025, meeting.

Dr. Smith requested that the Board review and respond to the AICPA Professional Ethics Executive Committee (PEEC) Exposure Draft on alternative practice structures. Mr. Nance said alternative practice structures would be discussed at the NASBA conferences in late March, and the Executive Staff and Staff Attorney will share information from the conferences with the Board.

Mr. Trainor informed the Board that he will lead a training session for new legal counsel at the NASBA Legal Conference, scheduled for March 25-27, 2025.

STATE AND LOCAL ORGANIZATION ITEMS: Mr. Broome informed the Board that Senator Danny Britt will introduce legislation on alternative pathways to CPA licensure, known as the Accounting Workforce Development Act. Mr. Broome said the bill will likely be referred to the Senate Committee on Rules and Operations.

Mr. Massey reminded Board members that their Statements of Economic Interest for the State Ethics Commission must be completed by April 15, 2025.

Ms. Sanders stated that the staff had provided legislative authorities with the required information on the Board's response to the 2024 natural disasters, including Hurricane Helene and the Nash County tornado.

PROFESSIONAL STANDARDS COMMITTEE REPORT: The Board approved with seven affirmative and zero negative votes the following recommendations of the Committee as presented by Ms. Kruse:

Case No. C2024234 - Kevin Michael Maxwell - Approve the signed Consent Order (Appendix II).

Ms. Kruse reported that the Committee provided guidance to the staff on 11 items.

PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE REPORT: The Board approved with seven affirmative and zero negative votes the following recommendations of the Committee as presented by Ms. Demery:

Transfer of CPA Exam Scores - Approve the following requests for the transfer of CPA Exam scores from another jurisdiction:

C'Angelio Banton
Christopher Scott Bollman
Xinyu Cui
Angel Aurelio Fernandez
Ashley Renee Garcia

Bingchao Liu
Blake Michael Reynolds
Haley Cherea Rhodes
Chad Parrish Wells

Original CPA Certificate Applications - Approve the following applications for original CPA certification:

Callie Nicole Adams
Scott Willard Adams
Daniel Craig Anderson
Rachel Justine Anstett
Lucy Amber Archer

C'Angelio Banton
Christopher Scott Bollman
William Alexander Byron
Carson Garrett Chrismon
Xinyu Cui

Christopher Patrick Cummings
Ian Joseph Cummings
James Scott Dick
Josue Dominguez
Sophia Dubrovsky
Charles Clinton Eggers III
Josiah Anthony Fahey
Angel Aurelio Fernandez
Tashauna Lea Fontana
Lacy Claire Galloway
Ashley Renee Garcia
Stephanie Renee Glasson
Julia Barefoot Goldsmith
Zachary Dylan Howell
Kevin Alexis Jarman II
Theodore Crawford Jasmin
Alexa Michele Kallesten
Lija Kornivska
Caroline Elizabeth Lee
Osvani Joel Ley
Bingchao Liu
Anna Marie Loynes

Rachel Jane Marthinsen
Colin Patrick McKenna
James William McOwen
Samuel Christopher Merriam
Logan Michael Miller
Hannah Lynn Mitchell
Kaitlyn Grace Moss
Matthew Jeffrey Power
Diego Alexander Ramos
Blake Michael Reynolds
Haley Cherea Rhodes
Austin Glenn Russell
Natalie Salgado
Corey Michael Saunders
Cayla Denver Shinn
Jada Shanice Staten
Kourtney Lynn Stone
Nicholas James Tauber
Chad Parrish Wells
Judson Reeves Williams
Chandler Grace Woods
Alison O'Brien Worland

The Committee recommended that the Board approve a license applicant's education qualifications.

Temporary Permits - Approve the following temporary permits approved by the Deputy Director:

Erin Lea Tashjy T14972
Courtney Allen Cowley T14973
Shondae P. LeGrand T14974
Alex Preston Richey T14975
Leigh Striplin Hayes T14976
Matthew Louis Bradvica T14977
Shiman Batra T14978
Alexis Catherine Troxell T14979
Jessica Leigh Sullivan T14980

Lawrence Steven Burke T14981
Patrick James Brady T14982
Jinyan Zhang T14983
Kishore Kumar Chintala T14984
Fadekemi Temilade Ohakim T14985
Francis Gerard Parisi T14986
Gayle M. Schutte T14987
Isaac Larson T14988
Christina Lynn Anderson T14989

Reciprocal CPA Certificate Applications - Approve the following applications for reciprocal CPA certification:

Kishore Kumar Chintala
Judith Caroline Francis
Christopher Peter Kelly
Monika Delice McCormick
Scarlett Gisel Morales

Shyama Aravindakshan Nair
Anthony Joseph Rosati
Morgan Sumner
Jeffrey Taraboulos
Noah Matthew Velazquez

Reinstatement of CPA Certificate - Approve the following CPA certificate reinstatement applications:

Kyle Robert Burkey #31832
William Preston Ellis #24955

Laurelle Amy Gonzalez #39312
Thomas Brian Gutierrez #24996

Susan Nicole Hamilton #37147
Scott Thomas Mathis #26726

Jordan John Raniszkeski #30693

Reissuance of CPA Certificate – Approve the following CPA certificate reissuance application:

Dylan Michael McNiff #41388

CPE Extension Requests - Approve four (4) requests to complete the 2024 CPE requirement after December 31, 2024.

CPE Audit Letters of Warning - The Committee recommended that the Board approve the requests to rescind the Letter of Warning issued to the following individuals:

Carly Renee Batchelor #46065
Juliana Mia Bertocci #43033
Aubrey P. Castor #44135

Lauren Leigh Hatch #39566
Jeffrey A. Hirth #41366

Uniform CPA Exam Applications - Approve the following applications for the Uniform CPA Exam:

Alexander Abernathy
Cassandra Adams
Jalen Adams
Thomas Adrian
David Alexander
Malarie Alexis
Riane Allen
Julio Alvarez
Dylan Anderson
Philip Andrews
Gabriella Angiolino
Kara Arnold
Dana Atwell
William Atwell
Brendan Bagwell
Christin Baker
Jonathan Ball
Sahr Bangai
Maggienella Basile
Sara Beaman
Elizabeth Beard
Angelica Beltran Reyes
John Bonfiglio
Braxton Bostick
Ethan Boyer
Bobbie Bradley
Luke Bradley
Ian Brain
Brenna Braswell
Brooks Briggs
John Brightman

Barton Brown
Robert Brown
Mark Bruce
Austin Bryant
Kendall Bullock
Christopher Burdick
Brenden Burns
Gregory Burrows
Andrew Butterfield
Mylena Cairrikier
Orin Caldwell
Zachary Callicutt
Geoffrey Cardenas-Izazaga
Sydney Carter
Melissa Carver
Amanda Cauble
Kelsey Caulfield
Natasha Charles
Yanqin Chen
Xavier Chester
Francis Chiwanza
Justyn Chu
Kara Cline
Logan Coffey
Cody Collins
David Conrad
Janell Cooper
Andrea Copeland
Gabriella Corritore
John Covington
John Cox

Jordan Cox
Zuleyka Cox
Josiah Coyer
Hannah Craigie
Savannah Crawford
Drake Cronthall
Kevin Cudahy
Paul Daniel
Grace Danon
Jasmine David
William Davis
James Dennison
Wellington Deno-Mena
Adrien Depace
Nicholas Desmond
Landon Dinkel
Mai Doan
Allison Dobbins
Evan Dombek
Olivia Dougherty
Riley Dowling
Daniel Dyson
Abasiakan Emmanuel
Haleigh Ensminger
Catherine Farinella
Angela Farman
Blake Fasciolo
John Folck
Kaitlyn Foster
Danielle Fowler
Janay Frank
Morgan French
Kaitlyn Frey
Shanaya Fribbley
Hailey Frick
Andres Fuentes
Carson Fulp
Kyle Futterman
Amanda Ganci
Staci Garrick
Morgan Garriss
Matthew Gentry
Jonathan Gertler
Ayren Dina Geryes
Peyton Gilbert
Levi Gillespie
Grace Girard
Ronald Godley
Aoha Godo
Joy Goodluck

Chemerin Gregg
Stephen Griffin
Maggie Grundy
Jack Hannah
Michael Hannah
Luke Hanson
Rayquan Harris
Chase Hartman
Hannah Hawks
Charles Haynes
Ryan Hendricks
Mark Hensley
Michael Hetzel
Laura Hiers
Joshua Hinchey
Anna Hollin
Erin Host
Abigail Houttekier
Victoria Howard
Jacqueline Howells
Hanna Hulevich
Jason Iannicelli
Travis Idol
Timothy Inman
Keno Ivri Ivri
Delaney Jacke
Artanzia Jackson Yates
Zakaryah Jaghman
Cassandra Johnson
Derrick Johnson
Alicia Jones
Keyana Jordan
Thomas Kahila
Karitsa Kerns
Blake Kessel
Min Jeong Kim
Yasmin Kirkwood
Grace Kleman
Elaine Kluttz
Daniel Koenigsberger
Isabel Kriofske
Sophia Kurtz
Sophia Lanham
Nisansala Lathpandura
Erin Lavelle
Blair Lefler
Sarah Leonard
John Lewis
Jiefang Liang
Radiatu Ligbi

Alexandra Litgen
Tanner Lloyd
Hunter Loftin
William Love
Michael Lowder
Julianne Ludwick
Hunter Lutz
Audry Luwungu
Juan Mancinas-Montelongo
Charlene Mandaza
Lauren Manns
Christopher Martin
Marissa Martin
Timothy May
Kaitlyn McGoldrick
Jackson McJunkin
Susan Medellin
Kellie Miller
Christopher Minneci
Bilali Mohammed
Danielle Moore
Sallie Mueller
Alexandra Mull
Katherine Mullins
Machaela Murrell Murrell
Kaylan Nelson
Samantha Nelson
Jacob Newman
Adam Nichols
Amber Nichols
Jack Niemer
Meredith Norris
Jeremy Norville
Cassia OBrien
Samuel Oglesby
Meryl Olson
Kelly Orlando
Henry Ost
Jessica Outlaw
Misty Pallett
John Parker
Taylor Parks
Hemangini Parmar
Dristi Patel
Nicole Patty
Anaysia Payton
James Person
Rebecca Petersen
Sarah Petersen
Lindsey Piurowski

Meagan Plant
Joshua Pope
Rhylee Pope
Stephanie Pouliot
Brittany Powell
Caleb Prado
Taylor Pulyer
Ilan Reznikov
Matthew Ritch
Tucker Roberson
Philipp Roedl
Oscar Roque
Hailey Ross
Meagan Rowley
Tom Rubinacci
Kali Ruffin
Stephan Ruppert
Quin Ruschill
George Saffo
Rhiannon Salem
Evonna Sampedro
Kelsey Sampere
Joy Sanders
Mark Sarfo
Alexander Sargen
Haley Schlicksup
Andrew Schwetz
Allen Severson
Parker Shahdad
Gabrielle Shannon
Amy Sheline
Joshua Shelton
Sodiq Shofoluwe
Noriko Shokita
Stephanie Sierra
Allison Silvernale
Amelia Sisson
Colin Smith
Diedre Smith
Elijah Smith
Elliott Smith
Laura Smith
Meghan Spillare
Tyler Stanton
William Steele
Michael Steinginga
Dylan Stinman
Ransom Stokes
Faires Stutts
Katharine Sullivan

Leah Sullivan Johnson
Grace Swanson
Lewis Tatham
Allen Taylor
Logan Taylor
William Taylor
Jacob Thomas
Seth Tomalis
Brett Tornquist
Mariaja Travers
Kelli Turpin
Wade Tuttle
Robert Tyson
Dominick Vaccaro
Matthew Vaden
Madeline Valle
Ray Rose Velazco

Kelsey Walker
Jace Ward
Julie Ward
Richard Warriner
Rae Watson
Lacey Way
Joseph Wells
Jerry White
Brandon Williams
Gary Williams
Kimberly Williams
Mackenzie Willson
Kari Wilson
Rohahn Wolde-Georgis
Adam Wright
William Youngblood
Audrey Zuck

FIRM REGISTRATIONS: - The Committee recommended that the Board approve the following professional limited liability companies that the Executive Director approved:

Johnson Accounting PLLC

Webb CPA & Tax Associates, PLLC

INVESTMENT COMMITTEE REPORT: The Board approved the Committee's recommendation to exclude alternative investments from its portfolio, with seven affirmative votes and zero negative votes. Mr. Payseur informed the Board that a matured treasury note and a matured CD were reinvested.

CLOSED SESSION: Ms. Lynch moved, and Ms. Kruse seconded the motion to enter a Closed Session to discuss personnel matters without Mr. Nance, Ms. Sanders, Mr. Trainor, or Mr. Allen present. The motion passed with seven affirmative votes and zero negative votes.

PERSONNEL COMMITTEE REPORT: The Board approved with seven affirmative and zero negative votes the following recommendations of the Committee as presented by Ms. Lynch:

- approve the Executive Director's recommendations on staff salaries and bonuses, and
- approve the Committee's recommendation to approve a salary increase for the Executive Director.

EXECUTIVE STAFF AND LEGAL COUNSEL REPORT: The Board reviewed the February 2025 operational metrics and the March 2025 Executive Staff Report.

RECOGNITION OF LICENSURE MILESTONES: Mr. Massey congratulated Mr. Cannon, Ms. Marshall and Mr. Gatewood for achieving 50 years of NC CPA licensure. He presented each with a Certificate of Recognition and thanked them for their commitment to the CPA profession.

Mr. Massey instructed the staff to send Certificates of Recognition to the following individuals who achieved 50 or more years of NC CPA licensure in February 2025:

Ted Reid Bryant
William Teddy Currie

Jerry Clifton Flood Jr.
Donald Jackson

Heinz Walter Little

Kenneth Joseph Shahbaz

Mr. Massey instructed the staff to send Certificates of Recognition to the following individuals who achieved 50 or more years of NC CPA licensure in March 2025:

William Marvin Rogers
Deborah Bost

Harold Lee Councilman
James Bruce Pierce

PUBLIC COMMENTS: Mr. Cannon, Ms. Marsh, and Mr. Gatewood each shared insights from their experiences in the field of accounting, providing a glimpse into their individual journeys as CPAs

ADJOURNMENT: Dr. Smith moved, and Ms. Kruse seconded the motion to adjourn the meeting at 11:29 a.m. The motion passed with seven affirmative votes and zero negative votes.

Respectfully submitted:

Attested to by:

David R. Nance, CPA
Executive Director

Gary R. Massey, CPA
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2025008

IN THE MATTER OF:
Stephen Len Walker, #16058
Applicant

BOARD ORDER

THIS CAUSE coming before the North Carolina State Board of Certified Public Accountant Examiners (the “Board”) at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, at public hearing (“Hearing”), with a quorum present, the Board finds, based on the evidence presented at the Hearing on March 17, 2025, that:

FINDINGS OF FACT

1. The Applicant was the holder of a certificate as a Certified Public Accountant in North Carolina until that certificate was revoked on November 17, 2014.
2. Five (5) years have elapsed since the Applicant’s revocation, and he has requested a Modification of Discipline pursuant to 21 NCAC 08I .0104.
3. The disciplinary action that the Applicant seeks to modify was a Board Order revoking his certificate (“Board Order”). The effective date of the Board Order was November 17, 2014.
4. The Board has jurisdiction over the Applicant and the subject matter of this action.
5. The Applicant received at least fifteen (15) days written notice of the Hearing. The notice was achieved by serving a Notice of Hearing by personal service, certified mail, or other method of delivery authorized by N.C. Gen. Stat. § 150B-38(c).
6. Venue is proper and the Hearing was properly held at 1101 Oberlin Road, Raleigh, North Carolina.
7. The Applicant did not object to any Board Member’s participation in the Hearing of this matter.
8. The Applicant was present at the Hearing and was not represented by counsel.
9. This matter is before the Board upon application by the Applicant for Modification of Discipline pursuant to 21 NCAC 08I .0104.

CONCLUSIONS OF LAW

1. The Hearing was duly noticed pursuant to N. C. Gen. Stat. § 150B-38(b)(c) and was conducted with a quorum of Board members and all necessary parties present.
2. Because the discipline in this case imposed by a Board Order was permanent revocation, pursuant to 21 NCAC 08I .0104, the burden of establishing a justification for modifying the earlier discipline is upon the Applicant.
3. The Applicant, during the Hearing, was able to demonstrate good cause for the relief sought, including evidence that he is rehabilitated with respect to the conduct that was the basis of the Board Order.

BASED ON THE FOREGOING, the Board orders in a vote of 7 to 0 that:

1. Stephen Len Walker's Application for Modification of Discipline is approved. The Board will accept an application for reissuance of Mr. Walker's CPA certificate.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY *Harry Massey*
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #C2024234

IN THE MATTER OF:
Kevin Michael Maxwell, CPA, #37924
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Kevin Michael Maxwell, CPA (hereinafter "Respondent") is the holder of North Carolina certificate number 37924 as a Certified Public Accountant.
2. The Respondent informed the Board on his 2023-2024 CPA certificate renewal that he had obtained the required CPE for calendar year 2022, including the required ethics course. The Respondent disclosed that some of his 2022 hours were taken in the first half of 2023.
3. Based on the Respondent's representation, the Board accepted his renewal, issued a letter of warning and placed the Respondent in the CPE audit pool.
4. The Respondent was subject to an audit of his 2022 and 2023 CPE.
5. In response to the Board's audit, the Respondent provided 84.5 hours of CPE for 2022 and 2023. However, the ethics CPE hours were taken in the latter half of 2023 and were not eligible to count towards 2022.
6. The Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. The Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. The Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. The Respondent's actions as set out above constitute violations of 21 NCAC 08N.0202(b)(4) and .0203(b)(5).

3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of the Respondent's consent to this order, the Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and the Respondent agree to the following Order:

1. The Respondent's CPA certificate is subject to a one-year stayed suspension. Because the suspension is stayed, the Respondent's CPA certificate will remain active. If the Board finds that the Respondent has violated any other Board Rules of Professional Conduct during the one-year period, the stay will be lifted, and the Respondent's CPA certificate will be actively suspended.
2. The Respondent shall pay a one thousand dollar (\$1,000) civil penalty, to be remitted to the Board with this Consent Order.
3. The Respondent shall complete the NCAPCA's eight hour (8) accountancy law course in the calendar year 2025. That course may be counted towards the Respondent's annual CPE requirements.

CONSENTED TO THIS THE 7th DAY OF March, 2025.
(Day) (Month) (Year)

Kevin Maxwell
Respondent

APPROVED BY THE BOARD THIS THE 17 DAY OF MARCH, 2025.
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: Darryl Massey
President

NC BOARD OF
MAR 13 2025
CPA EXAMINERS

Financial Highlights
For the Twelve Month Period Ended March 31, 2025
Compared to the Twelve Month Period Ended March 31, 2024

	Budget Var.	Mar-25	Mar-24	Inc. (Dec.)
Total Revenue	\$ 246,690.91	\$ 3,225,205.91	\$ 3,337,653.83	\$ (112,447.92)
■ Total Operating Revenue	\$ 161,281.46	\$ 3,003,356.46	\$ 3,053,239.56	\$ (49,883.10)
❖ Total Net Non Operating Revenue	\$ 85,409.45	\$ 221,849.45	\$ 284,414.27	\$ (62,564.82)
○ Total Expenses	\$ (106,602.65)	\$ 2,870,702.35	\$ 3,051,932.83	\$ (181,230.48)
Increase(Dec.) Net Assets for Period		\$ 354,503.56	\$ 285,721.00	\$ 68,782.56
Total Checking and Savings		\$ 1,546,894.47	\$ 1,588,213.48	\$ (41,319.01)
Total Assets		\$ 5,089,903.98	\$ 4,822,408.99	\$ 267,494.99
Full-Time/Part-time Employees		11/0	12/0	

Budget:

- Operating revenue was \$161,000 over budget. Exam fee revenue increased (+\$170k) while certificate renewal fees are down by (-\$12k)
- ❖ Non-Operating revenue was over budget by \$85,000 due to an increase in urealized gains on investments (+\$61k) and increased interest earnings (+\$25k)
- Expenses were under budget by \$107,000. Key variances individually were increased exam costs (+\$28k); offset by decreased salary and fringe benefit costs (-\$68k), reduced legal expense (-\$19k), reduced office expense (-\$12k), reduced staff travel (-\$11k), and reduced postage and printing costs (-\$16k)

Actual:

- Total operating revenue decreased from prior year by \$50,000. Certificate revenue increased by (+\$8K);while exam fee revenue decreased by (-\$60k)
- ❖ Total net non-operating revenue decreased this period compared to prior by \$63,000 primarily due a decrease in the unrealized gain on investments (-\$74k) offset by an increase in interest income (+\$13k)
- Total expenses decreased from prior period by \$181,000. The decrease can be explained by lower exam fees (-\$97k), legal fees (-\$23k), postage/printing (-\$45k), salary costs (-\$13k), and staff travel (-\$8k)

North Carolina State Board of CPA Examiners

Statement of Net Position

As of March 31, 2025

	TOTAL	
	AS OF MAR 31, 2025	AS OF MAR 31, 2024 (PY)
ASSETS		
Current Assets		
Checking/Savings		
1020 Truist Checking Acct	-74,135.77	44,082.86
1021 Truist Savings Account	5,080.60	5,080.12
1030 Truist Payroll Acct	100.00	100.00
1076 Pinnacle - MMA	1,200,534.43	1,039,791.04
1078 Pinnacle - ICS	415,315.21	499,159.46
Total Checking/Savings	\$1,546,894.47	\$1,588,213.48
Other Current Assets		
1050 CD Investments - Current	354,651.00	251,510.00
1110 Accrued CD Interest	2,821.42	507.64
1120 Accounts Receivable	-58.88	1,802.10
1130 Lease Receivable - Current	50,350.00	50,362.00
1160 Prepaid Expenses	23,963.28	23,720.03
1170 Interest Receivable	4,086.00	3,305.00
Total Other Current Assets	\$435,812.82	\$331,206.77
Total Current Assets	\$1,982,707.29	\$1,919,420.25
Fixed Assets		
1300 Building	985,976.03	985,976.03
1305 Land	300,000.00	300,000.00
1310 Furniture	61,443.00	61,443.00
1320 Equipment	150,881.45	139,295.50
1325 Data Base Software	180,336.18	180,336.18
1330 Capital Improvements	163,679.96	163,679.96
1335 GL Software Subscription	122,513.00	279,684.00
1390 Accumulated Depreciation	-969,311.67	-912,311.67
1395 Amortization of GL Software	-122,513.00	-197,369.00
Total Fixed Assets	\$873,004.95	\$1,000,734.00
Other Assets		
1080 Wells Fargo Advisors Investment	1,692,109.00	1,582,978.00
1081 Raymond James Investment	432,214.74	314,984.74
1180 Lease Receivable - LT	109,868.00	4,292.00
Total Other Assets	\$2,234,191.74	\$1,902,254.74
TOTAL ASSETS	\$5,089,903.98	\$4,822,408.99

North Carolina State Board of CPA Examiners

Statement of Net Position

As of March 31, 2025

	TOTAL	
	AS OF MAR 31, 2025	AS OF MAR 31, 2024 (PY)
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 Accounts Payable	0.00	95,327.12
Total Accounts Payable	\$0.00	\$95,327.12
Other Current Liabilities		
2005 Due to Exam Vendors	227,429.33	243,139.78
2011 Accounts Payable Other	2,500.00	2,500.00
2013 GL Software Subscription Payable	0.00	82,315.00
2015 Accrued Vacation Current	4,329.17	4,329.17
2090 Deferred Certificate Renewal Fee	780.00	0.00
Total Other Current Liabilities	\$235,038.50	\$332,283.95
Total Current Liabilities	\$235,038.50	\$427,611.07
Long-Term Liabilities		
2020 Accrued Vacation	86,615.27	86,615.27
2310 Deferred Inflow of Resources	160,218.00	54,654.00
Total Long-Term Liabilities	\$246,833.27	\$141,269.27
Total Liabilities	\$481,871.77	\$568,880.34
Net Assets		
3010 Net Assets Invest in Cap Assets	955,319.95	1,000,734.00
3020 Designated for Capital Assets	100,000.00	100,000.00
3031 Designated-Operating Expenses	300,000.00	300,000.00
3040 Designated for Litigation	1,000,000.00	1,000,000.00
3900 Net Assets Undesignated	1,898,208.70	1,567,073.65
Change in Net Assets	354,503.56	285,721.00
Total Net Assets	\$4,608,032.21	\$4,253,528.65
TOTAL LIABILITIES & NET ASSETS	\$5,089,903.98	\$4,822,408.99

North Carolina State Board of CPA Examiners

Statement of Revenues and Expenses - Year-To-Date Comparison

April 2024 - March 2025

	TOTAL	
	APR 2024 - MAR 2025	APR 2023 - MAR 2024 (PY)
Income		
Certificate Fees		
4110 Certificates - Initial	44,600.00	52,100.00
4120 Certificates - Reciprocal	33,101.00	29,400.00
4140 Certificates - Renewal Fees	1,339,440.00	1,326,660.00
4150 Certificates - Reinst/Revoked	1,000.00	1,500.00
4151 Certificates - Reinst/Surr	5,000.00	5,300.00
Total Certificate Fees	1,423,141.00	1,414,960.00
Exam Fee Revenue		
4001 Initial Adm Fees	185,610.00	203,780.00
4002 Re-Exam Adm Fees	173,175.00	180,300.00
4004 Exam Fees Revenue	1,165,422.58	1,194,183.96
4070 Transfer Exam Grade Credit	75.00	150.00
4072 Exam Scholarship Coupon	-36,898.12	-31,394.90
Total Exam Fee Revenue	1,487,384.46	1,547,019.06
Misc		
4970 Duplicate Certificates	675.00	550.00
4990 Miscellaneous	2,486.00	1,810.50
4999 Board Training	150.00	
Total Misc	3,311.00	2,360.50
Partnership Fees		
4260 Partnership Registration Fees	100.00	1,460.00
4261 Partnership Renewal Fees	41,140.00	40,280.00
Total Partnership Fees	41,240.00	41,740.00
Professional Corporation Fees		
4250 PC Registration Fees	5,650.00	4,500.00
4251 PC Renewal Fees	42,500.00	42,550.00
4252 PC Renewal Fees W/Penalties	130.00	110.00
Total Professional Corporation Fees	48,280.00	47,160.00
Total Income	\$3,003,356.46	\$3,053,239.56
Expenses		
5920 Funded Depreciation	57,000.00	66,635.00
Board Travel		
5120 Board Travel - Board Meetings	21,359.89	22,347.55
5121 Board Travel - Prof Meetings		217.48
5122 Board Travel - NASBA Annual	16,436.65	10,953.96
5123 Board Travel - NASBA Regional	10,589.16	13,702.73
5127 Board Travel - NCACPA/Board		56.04
5129 Miscellaneous Board Costs	1,751.06	3,476.26

North Carolina State Board of CPA Examiners

Statement of Revenues and Expenses - Year-To-Date Comparison

April 2024 - March 2025

	TOTAL	
	APR 2024 - MAR 2025	APR 2023 - MAR 2024 (PY)
5131 Board Travel - Outside Legal	4,310.64	795.00
Total Board Travel	54,447.40	51,549.02
Building Expenses		
5800 Building Maintenance	2,296.22	1,346.13
5801 Electricity	14,737.18	13,472.07
5802 Grounds Maintenance	5,981.94	11,702.66
5803 Heat & Air Maintenance	3,056.00	3,119.45
5804 Improvements		169.73
5805 Insurance	8,293.00	6,665.00
5807 Janitorial Maintenance	16,705.00	15,420.00
5808 Pest Control Service	600.00	600.00
5809 Security & Fire Alarm	2,509.62	2,204.93
5810 Trash Collection	3,875.91	544.63
5811 Water & Sewer	1,573.25	1,499.54
Total Building Expenses	59,628.12	56,744.14
Continuing Education -Staff		
5050 Continuing Education - Staff	2,782.94	3,768.99
Total Continuing Education -Staff	2,782.94	3,768.99
Exam Postage		
5531 Exam Postage	600.00	480.00
Total Exam Postage	600.00	480.00
Exam Sitting and Grading		
5538 Exam Vendor Expense	951,355.55	1,043,732.85
5539 Exam Vendor Accommodations	2,112.00	6,494.81
Total Exam Sitting and Grading	953,467.55	1,050,227.66
Fringe Benefits		
5031 Retirement - NCLB Contribution	59,509.35	59,850.87
5033 Retirement - NCLB Administr	3,632.12	4,345.23
5035 Health Ins. Premiums	131,204.48	126,300.93
5036 Medical Reim Plan	30,073.68	37,841.84
Total Fringe Benefits	224,419.63	228,338.87
Investigation & Hearing Costs		
5222 Investigation Materials	3,744.25	3,923.25
5230 Hearing Costs	2,899.00	2,706.43
5231 Rule-Making Hearing Costs		693.00
5232 Legal Advertising	514.76	
5250 Administrative Cost Assessed	-2,500.00	-17,200.00
5260 Civil Penalties Assessed	-15,200.00	-41,000.00
5261 Civil Penalties Remitted	9,961.60	35,691.20
Total Investigation & Hearing Costs	-580.39	-15,186.12

North Carolina State Board of CPA Examiners

Statement of Revenues and Expenses - Year-To-Date Comparison

April 2024 - March 2025

	TOTAL	
	APR 2024 - MAR 2025	APR 2023 - MAR 2024 (PY)
Legal Expense		
5140 Legal Counsel - Administrative	58,640.01	61,988.52
5211 Legal Counsel - Litigation		19,040.00
Total Legal Expense	58,640.01	81,028.52
Misc Personnel		
5090 Flowers, Gifts, Etc.		77.25
5092 Misc. Personnel Costs	4,366.57	2,876.05
Total Misc Personnel	4,366.57	2,953.30
Office Expense		
5320 Payroll Service	2,037.03	2,011.48
5360 Telephone	9,828.02	7,311.04
5361 Internet & Website	3,920.40	3,920.40
5390 Clipping Service	388.96	1,441.24
5400 Computer Prog/Assistance	400.00	425.00
5405 Computer Software Maintenance	154,566.14	145,881.03
5410 Dues	9,235.00	8,331.00
5420 Insurance	17,515.08	17,705.04
5430 Audit Fees	16,000.00	15,000.00
5435 Consulting Services		10,620.00
5440 Misc Office Expense	960.00	1,050.00
5445 Banking Fees	2,224.43	3,892.24
5448 Interest Expense - GL Software	6,930.00	12,686.00
5450 Credit Card Fees	73,042.88	70,373.19
Total Office Expense	297,047.94	300,647.66
Per Diem - Board		
5110 Per Diem - Board Meetings	13,000.00	14,100.00
5111 Per Diem - Prof Meetings		300.00
5112 Per Diem - NASBA Annual	2,000.00	1,600.00
5113 Per Diem - NASBA Regional	1,550.00	2,100.00
5114 Per Diem - NASBA Committees	2,000.00	3,500.00
5117 Per Diem - NCACPA/Board		50.00
Total Per Diem - Board	18,550.00	21,650.00
Postage		
5340 Postage - Other	2,722.03	2,200.00
5341 Postage - Newsletter		4,719.90
5342 Postage - Business Reply	1,548.00	1,064.00
5343 Postage - Renewal	900.00	1,403.00
5345 Postage - UPS	16,000.00	26,500.00
Total Postage	21,170.03	35,886.90

North Carolina State Board of CPA Examiners

Statement of Revenues and Expenses - Year-To-Date Comparison

April 2024 - March 2025

	TOTAL	
	APR 2024 - MAR 2025	APR 2023 - MAR 2024 (PY)
Printing		
5330 Printing - Other	3,562.92	4,169.63
5331 Printing - Newsletter		30,364.63
5332 Printing - Certificates	3,124.30	2,960.25
Total Printing	6,687.22	37,494.51
Repairs & Maintenance		
5380 Repairs - Misc.	857.02	
5381 Maintenance - Copiers	2,657.53	2,745.84
5383 Maintenance - Postage	2,285.00	624.00
Total Repairs & Maintenance	5,799.55	3,369.84
Salaries & Payroll Taxes		
5010 Staff Salaries	986,608.04	999,593.97
5030 FICA Taxes	75,566.39	75,493.48
Total Salaries & Payroll Taxes	1,062,174.43	1,075,087.45
Staff Travel		
5061 Staff Travel - Prof Mtgs	1,169.96	2,835.12
5070 Staff Travel - NASBA Annual	6,358.66	7,607.75
5071 Staff Travel - NASBA Regional	7,464.28	6,328.08
5072 Staff Travel - NASBA ED/Legal	7,077.02	12,968.27
5073 Staff Travel - NASBA Committee		180.65
5075 Staff Travel - NCACPA Meetings	731.38	356.61
Total Staff Travel	22,801.30	30,276.48
Subscriptions/References		
5370 Subscriptions/References	12,740.49	9,730.65
Total Subscriptions/References	12,740.49	9,730.65
Supplies		
5350 Supplies - Office	6,149.26	6,738.01
5351 Supplies - Copier	202.70	
5352 Supplies - Computer	1,917.70	1,796.22
5353 Supplies - Special Projects	13.40	
5355 Expendable Equipment	676.50	2,715.73
Total Supplies	8,959.56	11,249.96
Total Expenses	\$2,870,702.35	\$3,051,932.83
NET ORDINARY INCOME	\$132,654.11	\$1,306.73
Other Income		
8200 Rental Income	50,362.00	47,406.00
8250 Gift Card Revenue	11,000.00	15,000.00
8350 Unrealized Gain/Loss on Invest	76,582.00	149,513.31
8360 Investment Account Fees	-15,860.00	-14,011.00

North Carolina State Board of CPA Examiners

Statement of Revenues and Expenses - Year-To-Date Comparison

April 2024 - March 2025

	TOTAL	
	APR 2024 - MAR 2025	APR 2023 - MAR 2024 (PY)
Interest Income		
8500 Interest Income - MMAs	66,428.65	62,704.96
8510 Interest Income - CDs	32,383.25	21,386.02
8520 Interest Income - Lease Recv	953.55	2,414.98
Total Interest Income	99,765.45	86,505.96
Total Other Income	\$221,849.45	\$284,414.27
NET OTHER INCOME	\$221,849.45	\$284,414.27
CHANGE IN NET ASSETS	\$354,503.56	\$285,721.00

North Carolina State Board of CPA Examiners

Statement of Revenues & Expenses - Budget vs Actual

April 2024 - March 2025

	TOTAL		
	ACTUAL	BUDGET	OVER BUDGET
Income			
Certificate Fees			
4110 Certificates - Initial	44,600.00	52,000.00	-7,400.00
4120 Certificates - Reciprocal	33,101.00	32,000.00	1,101.00
4140 Certificates - Renewal Fees	1,339,440.00	1,344,000.00	-4,560.00
4150 Certificates - Reinst/Revoked	1,000.00	1,750.00	-750.00
4151 Certificates - Reinst/Surr	5,000.00	5,250.00	-250.00
Total Certificate Fees	1,423,141.00	1,435,000.00	-11,859.00
Exam Fee Revenue			
4001 Initial Adm Fees	185,610.00	189,750.00	-4,140.00
4002 Re-Exam Adm Fees	173,175.00	165,000.00	8,175.00
4004 Exam Fees Revenue	1,165,422.58	1,000,000.00	165,422.58
4070 Transfer Exam Grade Credit	75.00	0.00	75.00
4072 Exam Scholarship Coupon	-36,898.12	-36,875.00	-23.12
Total Exam Fee Revenue	1,487,384.46	1,317,875.00	169,509.46
Misc			
4970 Duplicate Certificates	675.00	0.00	675.00
4990 Miscellaneous	2,486.00	1,000.00	1,486.00
4999 Board Training	150.00	0.00	150.00
Total Misc	3,311.00	1,000.00	2,311.00
Partnership Fees			
4260 Partnership Registration Fees	100.00	2,000.00	-1,900.00
4261 Partnership Renewal Fees	41,140.00	40,000.00	1,140.00
Total Partnership Fees	41,240.00	42,000.00	-760.00
Professional Corporation Fees			
4250 PC Registration Fees	5,650.00	4,200.00	1,450.00
4251 PC Renewal Fees	42,500.00	42,000.00	500.00
4252 PC Renewal Fees W/Penalties	130.00	0.00	130.00
Total Professional Corporation Fees	48,280.00	46,200.00	2,080.00
Total Income	\$3,003,356.46	\$2,842,075.00	\$161,281.46
Expenses			
5920 Funded Depreciation	57,000.00	60,000.00	-3,000.00
Board Travel			
5120 Board Travel - Board Meetings	21,359.89	25,080.00	-3,720.11
5121 Board Travel - Prof Meetings		1,500.00	-1,500.00
5122 Board Travel - NASBA Annual	16,436.65	13,650.00	2,786.65
5123 Board Travel - NASBA Regional	10,589.16	9,400.00	1,189.16
5125 Board Travel - AICPA Council		1,700.00	-1,700.00
5129 Miscellaneous Board Costs	1,751.06	0.00	1,751.06
5131 Board Travel - Outside Legal	4,310.64	4,000.00	310.64
Total Board Travel	54,447.40	55,330.00	-882.60

North Carolina State Board of CPA Examiners

Statement of Revenues & Expenses - Budget vs Actual

April 2024 - March 2025

	TOTAL		
	ACTUAL	BUDGET	OVER BUDGET
Building Expenses			
5800 Building Maintenance	2,296.22	1,500.00	796.22
5801 Electricity	14,737.18	14,000.00	737.18
5802 Grounds Maintenance	5,981.94	12,000.00	-6,018.06
5803 Heat & Air Maintenance	3,056.00	3,500.00	-444.00
5804 Improvements		1,500.00	-1,500.00
5805 Insurance	8,293.00	7,000.00	1,293.00
5807 Janitorial Maintenance	16,705.00	16,000.00	705.00
5808 Pest Control Service	600.00	600.00	0.00
5809 Security & Fire Alarm	2,509.62	2,500.00	9.62
5810 Trash Collection	3,875.91	2,000.00	1,875.91
5811 Water & Sewer	1,573.25	1,600.00	-26.75
Total Building Expenses	59,628.12	62,200.00	-2,571.88
Continuing Education -Staff			
5050 Continuing Education - Staff	2,782.94	3,000.00	-217.06
Total Continuing Education -Staff	2,782.94	3,000.00	-217.06
Exam Postage			
5531 Exam Postage	600.00	1,000.00	-400.00
Total Exam Postage	600.00	1,000.00	-400.00
Exam Sitting and Grading			
5538 Exam Vendor Expense	951,355.55	925,000.00	26,355.55
5539 Exam Vendor Accommodations	2,112.00	0.00	2,112.00
Total Exam Sitting and Grading	953,467.55	925,000.00	28,467.55
Fringe Benefits			
5031 Retirement - NCLB Contribution	59,509.35	62,600.00	-3,090.65
5033 Retirement - NCLB Administr	3,632.12	4,000.00	-367.88
5035 Health Ins. Premiums	131,204.48	130,000.00	1,204.48
5036 Medical Reim Plan	30,073.68	36,000.00	-5,926.32
Total Fringe Benefits	224,419.63	232,600.00	-8,180.37
Investigation & Hearing Costs			
5222 Investigation Materials	3,744.25	3,500.00	244.25
5230 Hearing Costs	2,899.00	5,000.00	-2,101.00
5232 Legal Advertising	514.76	0.00	514.76
5250 Administrative Cost Assessed	-2,500.00	-2,500.00	0.00
5260 Civil Penalties Assessed	-15,200.00	-7,500.00	-7,700.00
5261 Civil Penalties Remitted	9,961.60	0.00	9,961.60
Total Investigation & Hearing Costs	-580.39	-1,500.00	919.61
Legal Expense			
5140 Legal Counsel - Administrative	58,640.01	64,000.00	-5,359.99
5211 Legal Counsel - Litigation		15,000.00	-15,000.00
Total Legal Expense	58,640.01	79,000.00	-20,359.99
Misc Personnel			

North Carolina State Board of CPA Examiners

Statement of Revenues & Expenses - Budget vs Actual

April 2024 - March 2025

	TOTAL		
	ACTUAL	BUDGET	OVER BUDGET
5092 Misc. Personnel Costs	4,366.57	4,000.00	366.57
Total Misc Personnel	4,366.57	4,000.00	366.57
Office Expense			
5301 Equipment Rent		150.00	-150.00
5310 Decorations		200.00	-200.00
5320 Payroll Service	2,037.03	2,100.00	-62.97
5360 Telephone	9,828.02	8,000.00	1,828.02
5361 Internet & Website	3,920.40	4,000.00	-79.60
5390 Clipping Service	388.96	1,500.00	-1,111.04
5400 Computer Prog/Assistance	400.00	1,000.00	-600.00
5405 Computer Software Maintenance	154,566.14	159,000.00	-4,433.86
5410 Dues	9,235.00	11,250.00	-2,015.00
5420 Insurance	17,515.08	20,000.00	-2,484.92
5430 Audit Fees	16,000.00	16,000.00	0.00
5435 Consulting Services		2,500.00	-2,500.00
5440 Misc Office Expense	960.00	0.00	960.00
5445 Banking Fees	2,224.43	4,000.00	-1,775.57
5448 Interest Expense - GL Software	6,930.00	7,000.00	-70.00
5450 Credit Card Fees	73,042.88	72,000.00	1,042.88
Total Office Expense	297,047.94	308,700.00	-11,652.06
Per Diem - Board			
5110 Per Diem - Board Meetings	13,000.00	12,750.00	250.00
5111 Per Diem - Prof Meetings		3,500.00	-3,500.00
5112 Per Diem - NASBA Annual	2,000.00	2,400.00	-400.00
5113 Per Diem - NASBA Regional	1,550.00	1,600.00	-50.00
5114 Per Diem - NASBA Committees	2,000.00	0.00	2,000.00
5116 Per Diem - NCACPA Annual		950.00	-950.00
5117 Per Diem - NCACPA/Board		350.00	-350.00
5119 Per Diem - Miscellaneous		350.00	-350.00
Total Per Diem - Board	18,550.00	21,900.00	-3,350.00
Postage			
5340 Postage - Other	2,722.03	3,000.00	-277.97
5341 Postage - Newsletter		1,000.00	-1,000.00
5342 Postage - Business Reply	1,548.00	1,500.00	48.00
5343 Postage - Renewal	900.00	2,000.00	-1,100.00
5345 Postage - UPS	16,000.00	28,000.00	-12,000.00
Total Postage	21,170.03	35,500.00	-14,329.97
Printing			
5330 Printing - Other	3,562.92	4,500.00	-937.08
5331 Printing - Newsletter		1,000.00	-1,000.00
5332 Printing - Certificates	3,124.30	3,500.00	-375.70
Total Printing	6,687.22	9,000.00	-2,312.78

North Carolina State Board of CPA Examiners

Statement of Revenues & Expenses - Budget vs Actual

April 2024 - March 2025

	TOTAL		
	ACTUAL	BUDGET	OVER BUDGET
Repairs & Maintenance			
5380 Repairs - Misc.	857.02	0.00	857.02
5381 Maintenance - Copiers	2,657.53	2,000.00	657.53
5383 Maintenance - Postage	2,285.00	2,000.00	285.00
Total Repairs & Maintenance	5,799.55	4,000.00	1,799.55
Salaries & Payroll Taxes			
5010 Staff Salaries	986,608.04	1,042,800.00	-56,191.96
5030 FICA Taxes	75,566.39	79,800.00	-4,233.61
Total Salaries & Payroll Taxes	1,062,174.43	1,122,600.00	-60,425.57
Staff Travel			
5061 Staff Travel - Prof Mtgs	1,169.96	1,000.00	169.96
5070 Staff Travel - NASBA Annual	6,358.66	6,825.00	-466.34
5071 Staff Travel - NASBA Regional	7,464.28	7,275.00	189.28
5072 Staff Travel - NASBA ED/Legal	7,077.02	16,625.00	-9,547.98
5075 Staff Travel - NCACPA Meetings	731.38	1,000.00	-268.62
5076 Staff Travel - NCACPA/Board		1,000.00	-1,000.00
Total Staff Travel	22,801.30	33,725.00	-10,923.70
Subscriptions/References			
5370 Subscriptions/References	12,740.49	8,750.00	3,990.49
Total Subscriptions/References	12,740.49	8,750.00	3,990.49
Supplies			
5350 Supplies - Office	6,149.26	7,100.00	-950.74
5351 Supplies - Copier	202.70	950.00	-747.30
5352 Supplies - Computer	1,917.70	950.00	967.70
5353 Supplies - Special Projects	13.40	0.00	13.40
5355 Expendable Equipment	676.50	3,500.00	-2,823.50
Total Supplies	8,959.56	12,500.00	-3,540.44
Total Expenses	\$2,870,702.35	\$2,977,305.00	\$ -106,602.65
NET OPERATING INCOME	\$132,654.11	\$ -135,230.00	\$267,884.11
Other Income			
8200 Rental Income	50,362.00	51,440.00	-1,078.00
8250 Gift Card Revenue	11,000.00	10,000.00	1,000.00
8350 Unrealized Gain/Loss on Invest	76,582.00	0.00	76,582.00
8360 Investment Account Fees	-15,860.00	0.00	-15,860.00
Interest Income			
8500 Interest Income - MMAs	66,428.65	37,500.00	28,928.65
8510 Interest Income - CDs	32,383.25	37,500.00	-5,116.75
8520 Interest Income - Lease Recv	953.55	0.00	953.55
Total Interest Income	99,765.45	75,000.00	24,765.45
Total Other Income	\$221,849.45	\$136,440.00	\$85,409.45
NET OTHER INCOME	\$221,849.45	\$136,440.00	\$85,409.45

North Carolina State Board of CPA Examiners

Statement of Revenues & Expenses - Budget vs Actual

April 2024 - March 2025

	TOTAL		
	ACTUAL	BUDGET	OVER BUDGET
CHANGE IN NET ASSETS	\$354,503.56	\$1,210.00	\$353,293.56

Board of Certified Public Accountant Examiners						
Subchapter	Rule Section	Rule Citation	Rule Name	Change or No Change	Brief Summation	
SUBCHAPTER 08A - DEPARTMENTAL RULES	SECTION .0100 - ORGANIZATIONAL RULES	21 NCAC 08A .0101	FORMAL NAME	No Change		
		21 NCAC 08A .0102	ADDRESS AND PHONE NUMBER	Change	Added board website to information in rule. Other rule references to website now cite this rule.	
		21 NCAC 08A .0103	OFFICE HOURS	Change	Corrected history note legislation	
	SECTION .0200 - BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS	21 NCAC 08A .0201	ELECTION OF OFFICERS			
				Change	Corrected history note legislation	
		21 NCAC 08A .0203	QUORUM	No Change		
	SECTION .0300 - DEFINITIONS	21 NCAC 08A .0301	DEFINITIONS		Updated Active definition for CPA-retired status; Updated CPA firm name to agree with board rule updates; Removed trade name as not used in rules; Removed work product here as it addressed specifically in rule N .0305	
		21 NCAC 08A .0307	PUBLIC PRACTICE OF ACCOUNTANCY OR ACCOUNTING	Change	Updated for pronoun usage; Removed accounting education from public practice of accounting	
		21 NCAC 08A .0308	HOLDING OUT TO THE PUBLIC	No Change		
		21 NCAC 08A .0309	CONCENTRATION IN ACCOUNTING	No Change		
		21 NCAC 08A .0310	DIRECT SUPERVISION DEFINED	No Change		
SUBCHAPTER 08B - RULE-MAKING PROCEDURES	SECTION .0100 - PETITIONS FOR RULE-MAKING	21 NCAC 08B .0101	PETITIONS			
				Change	Update to rule and statute cites in history note	
		21 NCAC 08B .0102	CONTENTS OF PETITION FOR NEW RULE	Change	Update to statute cite in history note	
		21 NCAC 08B .0104	CONTENTS OF PETITIONS FOR RULE AMENDMENT OR REPEAL	Change	Added petitioner phone number and correct statute cite in history note	
		21 NCAC 08B .0105	GRANTING OR DENYING PETITIONS	Change	Update to statute cite in history note	
	SECTION .0200 -- NOTICE	21 NCAC 08B .0202	MAILING LIST			
				Change	Correct rule presentation	
	SECTION .0300 - HEARINGS	21 NCAC 08B .0304	ORAL PRESENTATION			
				Change	Update to statute cite in history note	
		21 NCAC 08B .0307	CONTROL OF RULE-MAKING HEARINGS	Change	Update to statute cite in history note	
	SECTION .0500 - DECLARATORY RULINGS	21 NCAC 08B .0501	REQUEST FOR DECLARATORY RULING			
				Change	Update to rule and statute cites in history note	
		21 NCAC 08B .0502	CONTENTS OF REQUEST	Change	Added phone number to information provided	
		21 NCAC 08B .0503	REFUSAL TO ISSUE DECLARATORY RULING	Change	Update to statute cite in history note	
		21 NCAC 08B .0507	CIRCUMSTANCES	Change	Update to statute cite in history note	
		21 NCAC 08B .0508	REQUESTS FOR INFORMAL OPINIONS	No Change		
SUBCHAPTER 8C - CONTESTED CASES	SECTION .0100 - PROCEDURE IN CONTESTED CASES	21 NCAC 08C .0103	ADDITIONAL INFORMATION ON NOTICES OF HEARINGS			
				No Change		
		21 NCAC 08C .0104	WRITTEN PETITION FOR INTERVENTION	Change	Updated language for Board address and rule presentation	
		21 NCAC 08C .0105	NOTICE OF ALLOWANCE OR DENIAL OF PETITION TO INTERVENE	No Change		
		21 NCAC 08C .0107	DISQUALIFICATION OF BOARD MEMBER	No Change		
		21 NCAC 08C .0108	AFFIDAVIT OF DISQUALIFICATION	No Change		
		21 NCAC 08C .0109	FILING AFFIDAVIT OF DISQUALIFICATION	No Change		
		21 NCAC 08C .0110	DETERMINATION OF DISQUALIFICATION	No Change		
		21 NCAC 08C .0111	NEW HEARING AFTER DISQUALIFICATION	No Change		
		21 NCAC 08C .0114	PRE-HEARING CONFERENCE	No Change		
		21 NCAC 08C .0115	PURPOSES OF A PRE-HEARING CONFERENCE	No Change		
		21 NCAC 08C .0116	NOTICE OF PRE-HEARING CONFERENCE	Change	Update to statute cite in history note	
		21 NCAC 08C .0118	CONTINUANCES	Change	Update to statute cite in history note	
		21 NCAC 08C .0121	SERVICE OF SUBPOENAS	No Change		
		21 NCAC 08C .0122	OBJECTIONS TO SUBPOENAS	No Change		
			21 NCAC 08C .0123	RESPONSES TO OBJECTIONS TO SUBPOENAS		
				No Change		
			21 NCAC 08C .0124	HEARINGS ON SUBPOENA CHALLENGES	No Change	
		21 NCAC 08C .0125	RECORDS OF CONTESTED CASES	No Change		
		21 NCAC 08C .0126	HEARING EXHIBITS	Change	Shortened the timeframe for hearing documents to be provided from 14 to 10 business days which is sufficient time; Updated item (c) to update process for time of hearing introduction of hearing evidence	
SUBCHAPTER 08F - REQUIREMENTS FOR CERTIFIED PUBLIC ACCOUNTANT EXAMINATION AND CERTIFICATE APPLICANTS	SECTION .0100 - GENERAL PROVISIONS	21 NCAC 08F .0101	TIME AND PLACE OF CPA EXAMINATIONS			
				Change	Updated to current format of exam being given continuously	
		21 NCAC 08F .0102	TYPE OF CPA EXAMINATION	No Change		

Board of Certified Public Accountant Examiners					
Subchapter	Rule Section	Rule Citation	Rule Name	Change or No Change	Brief Summation
		21 NCAC 08F .0103	FILING OF EXAMINATION APPLICATIONS AND FEES	Change	Updated language to identify transcripts to be inclusive of both grades and any degrees awarded; minor language clean-up; Identified only supervised probation as a deterrent from sitting for the exam; updated history note cite
		21 NCAC 08F .0105	CONDITIONING REQUIREMENTS	No Change	
		21 NCAC 08F .0106	GRANTING EXAMINATION CREDIT FROM OTHER JURISDICTIONS	No Change	
		21 NCAC 08F .0107	COMMUNICATION OF RESULTS OF CPA EXAMINATIONS	Change	Updated to current processes of grades being delivered by NASBA through portal
		21 NCAC 08F .0111	INELIGIBILITY DUE TO VIOLATION OF ACCOUNTANCY ACT	No Change	
		21 NCAC 08F .0113	CANDIDATE'S REQUEST TO REVIEW CPA EXAMINATION	Change	Updated score review process to current processes that occur through NASBA versus the Board
	SECTION .0300 - EDUCATIONAL REQUIREMENTS FOR EXAMINATION	21 NCAC 08F .0302	EDUCATION AND WORK EXPERIENCE REQUIRED PRIOR TO CPA EXAM	Change	Removes work experience from title as rule only addresses education; removes description of official transcript as previously identified in rule; further defines conditional approval process for sitting for exam prior to finalization of transcript; timeline begins on application approval versus receipt
		21 NCAC 08F .0303	SEMESTER HOUR EQUIVALENT	No Change	
	SECTION .0400 - EXPERIENCE	21 NCAC 08F .0401	WORK EXPERIENCE REQUIRED OF CANDIDATES FOR CPA CERTIFICATION	No Change	
		21 NCAC 08F .0409	SATISFACTION OF EXPERIENCE REQUIREMENT BY TEACHING	Change	Removes restriction on continuous teaching of an accounting course based on course work being updated annually; updates language previously identifying community college and technical colleges
		21 NCAC 08F .0410	EDUCATION REQUIRED OF CANDIDATES FOR CPA CERTIFICATION	No Change	
	SECTION .0500 - APPLICATIONS FOR CERTIFICATES	21 NCAC 08F .0502	APPLICATION FOR CPA CERTIFICATE	Change	Incorporates reference to website by rule; provides clarification for obtaining moral character references by CPAs
		21 NCAC 08F .0504	CANDIDATES' ACCOUNTANCY LAW COURSE REQUIREMENT	Change	Changes language to current 8-hour course versus open-book test; removes option that is not longer offered
SUBCHAPTER 8G - CONTINUING PROFESSIONAL EDUCATION (CPE)	SECTION .0400 - CPE REQUIREMENTS	21 NCAC 08G .0401	CPE REQUIREMENTS FOR CPAS	Change	Added CPA-retired status to language identifying no CPE requirements
		21 NCAC 08G .0403	QUALIFICATION OF CPE SPONSORS	Change	Language clean-up for clarity; Corrected internal rule reference
		21 NCAC 08G .0404	REQUIREMENTS FOR CPE CREDIT	No Change	
		21 NCAC 08G .0406	COMPLIANCE WITH CPE REQUIREMENTS	Change	Changed word audit to verify as that is the process; corrected reinstatement to reissuance as that is more appropriate reference by rule
		21 NCAC 08G .0409	COMPUTATION OF CPE CREDITS	Change	Added words "in the aggregate" to item (i) to clarify 50% limitation to multiple formats combined
SUBCHAPTER 08H – RECIPROCITY		21 NCAC 08H .0101	RECIPROCAL CERTIFICATES	Change	Corrected fee cite per style manual
		21 NCAC 08H .0102	TEMPORARY PERMIT	Change	Corrected rule presentation
		21 NCAC 08H .0104	NOTICE TO BOARD OF DISCIPLINE BY OTHER AGENCY	Change	Corrected rule presentation
SUBCHAPTER 08I - REVOCATION OF CERTIFICATES AND OTHER DISCIPLINARY ACTION		21 NCAC 08I .0101	DISCIPLINARY ACTION	Change	Incorporates reference to website by rule; corrects general statute presentation per style guide; updates history note statutory reference
		21 NCAC 08I .0102	PROCEDURE WHEN PETITION AGAINST BOARD MEMBER OR EMPLOYEE	Change	Updated history note for statutory reference
		21 NCAC 08I .0104	MODIFICATION OF DISCIPLINE	No Change	
		21 NCAC 08I .0105	REVOCATION OF CERTIFICATES	Change	Updated rule presentation and history note statutory reference
SUBCHAPTER 08J – RENEWALS AND REGISTRATIONS	SECTION .0100 - RENEWALS AND REGISTRATIONS	21 NCAC 08J .0101	ANNUAL RENEWAL OF CERTIFICATE, FORFEITURE, AND REAPPLICATION	Change	Removed duplicate reference to fees; updated the reference language for fees; updated history note for statutory reference
		21 NCAC 08J .0105	INACTIVE STATUS: CHANGE OF STATUS	Change	Updated the fee language to the general statute reference; updated CPE hours presentation to minutes per board rules; provide more specific language related to the submission of moral character references; updated history note for statutory reference
		21 NCAC 08J .0106	FORFEITURE OF CERTIFICATE AND REISSUANCE	Change	Updated the fee language to the general statute reference; provide more specific language related to the submission of moral character references; updated history note for statutory reference
		21 NCAC 08J .0107	MAILING ADDRESSES OF CERTIFICATE HOLDERS AND CPA FIRMS	Change	Updated language to allow for electronic communication; added email address requirement; and removed later duplicate reference to email address
		21 NCAC 08J .0108	CPA FIRM REGISTRATION	Change	Updated title as more than just initial registration; updated language in item (c)(8) to simplify to CPA ownership percentage; deleted item (9) as this is done through annual online renewal process; clarified that update occurs at time of renewal versus initial registration and represent changes since the last registration or renewal; removes item (h); updates language related to the receipt of items at the board office through mail service options in determining the timeliness of the submission; and updates history note for statutory reference
		21 NCAC 08J .0109	CPA FIRM PRACTICE PRIVILEGE NOTIFICATION	No Change	
		21 NCAC 08J .0110	REGISTRATION FEES	Change	Updated \$ money reference to style manual format
		21 NCAC 08J .0111	COMPLIANCE WITH CPA FIRM REGISTRATION	No Change	
		21 NCAC 08J .0112	RETIRED STATUS - CHANGE OF STATUS	Change	Corrected rule presentations; creates new section (d) to specifically state that a CPA-retired status licensee cannot have CPA firm ownership as not active; corrected CPE hour presentation to minutes; updated language to more specifically speak to reinstatement application process

Board of Certified Public Accountant Examiners					
Subchapter	Rule Section	Rule Citation	Rule Name	Change or No Change	Brief Summation
SUBCHAPTER 08K - PROFESSIONAL CORPORATIONS AND PROFESSIONAL LIMITED LIABILITY COMPANIES	SECTION .0100 - GENERAL PROVISIONS	21 NCAC 08K .0104	REGISTRATION AND RENEWAL		
				Change	Adjusted language for statutory reference in the rule and added item (2)(C) to be consistent with item (1) above; added email address and phone number to information collected
		21 NCAC 08K .0105	SUPPLEMENTAL REPORTS	No Change	
	SECTION .0200 - PRACTICE PROCEDURES OF PROFESSIONAL CORPORATIONS AND PROFESSIONAL LIMITED LIABILITY COMPANIES	21 NCAC 08K .0201	CORPORATE AND PROFESSIONAL LIMITED LIABILITY COMPANY NAMES		
				Change	Corrected rule presentation
	SECTION .0300 - REGISTERED LIMITED LIABILITY PARTNERSHIPS	21 NCAC 08K .0301	REGISTERED LIMITED LIABILITY PARTNERSHIPS		
				Change	Added qualifier "CPA" to language as Board does not oversee other types of registered limited liability partnerships
SUBCHAPTER 08M - STATE QUALITY REVIEW PROGRAM	SECTION .0100 - GENERAL SQR REQUIREMENTS	21 NCAC 08M .0105	PEER REVIEW REQUIREMENTS		
				Change	Updated Subchapter and Section names as SQR no longer valid terms; changed the word participate to enroll as that is the process; added qualifier to identify firms registered by this Board as to not subject out-of-state firms with the requirement (AICPA suggestion); added requirement that registering firms for peer review cannot opt out of providing information through FSBA to the Board; added item (f) to describe the process by which the Board access data through FSBA
		21 NCAC 08M .0106	COMPLIANCE	Change	Updated the language to address the current formats of documents created in FSBA that are accessed by Board staff; corrected statutory presentation
		21 NCAC 08M .0107	ETHICAL DUTIES OF REVIEWER	No Change	
SUBCHAPTER 08N – PROFESSIONAL ETHICS AND CONDUCT	SECTION .0100 - SCOPE AND APPLICABILITY	21 NCAC 08N .0101	SCOPE OF THESE RULES		
				No Change	
		21 NCAC 08N .0102	APPLICABILITY AND ORGANIZATION OF RULES	No Change	
		21 NCAC 08N .0103	RESPONSIBILITY FOR COMPLIANCE BY OTHERS	No Change	
	SECTION .0200 - RULES APPLICABLE TO ALL CPAs	21 NCAC 08N .0201	INTEGRITY		
				No Change	
		21 NCAC 08N .0202	DECEPTIVE CONDUCT PROHIBITED	No Change	
		21 NCAC 08N .0203	DISCREDITABLE CONDUCT PROHIBITED	Change	Corrected rule presentation; added item (8) to address possible situation that could occur with experience affidavit
		21 NCAC 08N .0204	DISCIPLINE BY FEDERAL AND STATE AUTHORITIES		
				No Change	
		21 NCAC 08N .0205	CONFIDENTIALITY	No Change	
		21 NCAC 08N .0206	COOPERATION WITH BOARD INQUIRY	No Change	
		21 NCAC 08N .0207	VIOLATION OF TAX LAWS	No Change	
		21 NCAC 08N .0208	REPORTING CONVICTIONS, JUDGMENTS, AND DISCIPLINARY ACTIONS	No Change	
		21 NCAC 08N .0209	ACCOUNTING PRINCIPLES	No Change	
		21 NCAC 08N .0211	RESPONSIBILITIES IN TAX PRACTICE	No Change	
		21 NCAC 08N .0212	COMPETENCE	No Change	
		21 NCAC 08N .0213	OTHER RULES	No Change	
		21 NCAC 08N .0214	OUTSOURCING TO THIRD-PARTY PROVIDERS	No Change	
		21 NCAC 08N .0215	INTERNATIONAL FINANCIAL ACCOUNTING STANDARDS	No Change	
		21 NCAC 08N .0216	PROFESSIONAL JUDGMENT	Adoption	Previous rule 21 NCAC 08N .0301 proposed to move to Section .0200 as applicable to all CPAs and not just CPAs rendering services or products
	SECTION .0300 - RULES APPLICABLE TO ALL CPAs WHO USE THE CPA TITLE IN OFFERING OR RENDERING PRODUCTS OR SERVICES TO CLIENTS	21 NCAC 08N .0301	PROFESSIONAL JUDGMENT		
				Repeal	See above
		21 NCAC 08N .0302	FORMS OF PRACTICE	No Change	
		21 NCAC 08N .0303	OBJECTIVITY AND CONFLICTS OF INTEREST	No Change	
		21 NCAC 08N .0304	CONSULTING SERVICES STANDARDS	No Change	
		21 NCAC 08N .0305	RETENTION OF CLIENT RECORDS	Change	For item (c), removed the example of tax returns as it appears to be limiting to type of service deliverables
		21 NCAC 08N .0305-ALT	RETENTION OF CLIENT RECORDS	Change	Same as above; however added board staff proposes adding item (i) to address client record issues for situations of death, disability, or incapacitation of the CPA licensee
		21 NCAC 08N .0306	ADVERTISING OR OTHER FORMS OF SOLICITATION		
				Change	Removed letterhead for listing as many companies wish to use their abbreviated name for that purpose and the current rule appears restrictive; removed principle place of business as requirement to be listed on the internet to address situations where licensees may be working from a home office and that location may not need to be identified publicly
		21 NCAC 08N .0307	CPA FIRM NAMES	Change	Updated (b) to indicate examples are not all inclusive
		21 NCAC 08N .0308	VALUATION SERVICES STANDARDS	No Change	
		21 NCAC 08N .0309	PERSONAL FINANCIAL PLANNING SERVICES	No Change	
		21 NCAC 08N .0310	FORENSIC SERVICES	Adoption	Previous rule 21 NCAC 08N .0412 proposed to move to Section .0300 as Section .0400 applicable to performance of attest services

Board of Certified Public Accountant Examiners					
Subchapter	Rule Section	Rule Citation	Rule Name	Change or No Change	Brief Summation
	SECTION .0400 - RULES APPLICABLE TO CPAS PERFORMING ATTEST SERVICES	21 NCAC 08N .0401	PUBLIC RELIANCE		
				Change	Update rule presentation language
		21 NCAC 08N .0402	INDEPENDENCE	Change	Simplified and modernized the rule related to Independence striking antiquated language rarely used in evaluation process
		21 NCAC 08N .0403	AUDITING STANDARDS	No Change	
		21 NCAC 08N .0404	ACCOUNTING AND REVIEW SERVICES STANDARDS	No Change	
		21 NCAC 08N .0405	GOVERNMENTAL ACCOUNTING STANDARDS	No Change	
		21 NCAC 08N .0406	ATTESTATION STANDARDS	No Change	
		21 NCAC 08N .0408	PEER REVIEW STANDARDS	No Change	
		21 NCAC 08N .0409	GOVERNMENT AUDITING STANDARDS	No Change	
		21 NCAC 08N .0410	INTERNATIONAL STANDARDS ON AUDITING	No Change	
		21 NCAC 08N .0411	AUDITS SUBJECT TO THE SINGLE AUDIT ACT	No Change	
		21 NCAC 08N .0412	FORENSIC SERVICES	Repeal	See 21 NCAC 08N .0310 above



North Carolina State Board of Certified Public Accountant Examiners

April 21, 2025

Dan Vuckovich, CPA, Chair, NASBA UAA Committee
Thomas Neill, CPA, Chair, AICPA UAA Committee
Joint AICPA/NASBA Uniform Accountancy Act Committee
150 4th Avenue North
Nashville, Tennessee 37219

Re: Comments on March 4, 2025, Exposure Draft – Proposed Amendments to the Uniform Accountancy Act

Dear Joint AICPA/NASBA UAA Committee Members:

The North Carolina State Board of CPA Examiners (the Board) has reviewed the Exposure Draft issued on March 4, 2025. This draft proposes amendments to the Uniform Accountancy Act (UAA) recommended by the Joint AICPA/NASBA UAA Committee. These proposed changes affect Section 5, *Qualifications for a Certificate as a Certified Public Accountant*, which concerns education requirements for CPA Exam eligibility and licensure, and Section 23, *Substantial Equivalency*, which concerns practice privileges and individual mobility.

The Board supports the proposed revisions to Section 5 regarding educational qualifications. The updated provisions preserve the current standards while introducing an additional pathway to licensure, allowing candidates to become licensed upon obtaining a baccalaureate degree with an accounting concentration, passing the CPA Exam, and completing two years of qualifying experience. This proposal aligns with emerging legislative trends nationwide and expands access to the CPA profession for candidates facing challenges in meeting the traditional 150-hour education requirement. We especially appreciate the emphasis on the Board of Accountancy's discretion and the requirement that education includes an accounting concentration.

We also note and support the clarification that candidates enrolled in integrated bachelor's/master's programs are eligible to sit for the CPA Exam upon completing the requirements of the bachelor's degree. This reflects current trends in academic programming and addresses questions our Board has received from candidates and educational institutions.

Regarding Section 23, the Board supports the proposed modifications, including retitling the section to explicitly reference "Practice Privilege," shifting to evaluating mobility based on individual licensure criteria, and including language that accounts for the new licensure pathway in Section 5. The inclusion of the CPA Exam passage as a baseline requirement for mobility is a

sensible first guardrail, and the safe harbor provision for individuals licensed under existing pathways is a welcome addition.

The Board commends the Joint UAA Committee for its responsiveness to stakeholders and commitment to preserving the UAA as a relevant and uniform model act. We appreciate the opportunity to comment on the Exposure Draft and thank the Committee for its ongoing work to advance the profession.

Sincerely,

Bernita W. Demery, CPA, MBA
President

DRAFT

**Recap of NASBA Executive
Director and Legal Counsel Conferences**
(no printed handout)

NASBA Committee Reports
(no printed handouts)

NASBA Eastern Regional Meeting
(no printed handouts)



Professional Ethics Division

Discussion memorandum:

Potential revisions to the AICPA Code of Professional Conduct and guidance related to independence in alternative practice structures

March 10, 2025

Comments are requested by June 15, 2025

ethics-exposedraft@aicpa.org

Potential revisions to the AICPA Code of Professional Conduct and guidance related to independence in alternative practice structures

Invitation to comment

March 10, 2025

This discussion memorandum was developed and approved for invitation to comment by the Alternative Practice Structures Task Force of the AICPA Professional Ethics Executive Committee (PEEC).

The task force is issuing this memorandum to seek input from stakeholders on approaches that can improve clarity and consistency in the application of the AICPA Code of Professional Conduct (code) to an alternative practice structure (APS), including, in particular, an APS with a private equity investment.

NOTE: The task force's preliminary conclusions and potential options presented in this discussion memorandum constitute neither authoritative nor nonauthoritative guidance. Input received from respondents will supplement the task force's research and inform recommendations to PEEC regarding whether revisions to the code or to nonauthoritative guidance (or to both) are needed. If PEEC concludes that an interpretation of the code should be considered, an exposure draft will be issued in accordance with PEEC's usual standard-setting processes.

Your feedback is an important part of the evaluation of this critical and evolving subject matter. Please take this opportunity to comment. We must receive your response by June 15, 2025. All written replies to this discussion memorandum will become part of the public record of the AICPA.

Please email your comments to ethics-exposedraft@aicpa.org.

Sincerely,

Anna Dourdourekas, Co-Chair
Alternative Practice Structures Task Force



Lisa Snyder, Co-Chair



Toni Lee-Andrews, Director, CPA, PFS, CGMA
Professional Ethics Division



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Introduction

1. The AICPA Professional Ethics Executive Committee (PEEC) appointed the Alternative Practice Structures Task Force in November 2022 to determine whether a private equity (PE) investment in the nonattest entity of an alternative practice structure (APS) creates a need for revisions to the AICPA Code of Professional Conduct (code) or a need for nonauthoritative guidance. The task force has been evaluating current provisions in the code, including the “Alternative Practice Structures” interpretation (ET sec. [1.220.020](#)) of the “Independence Rule” (ET sec. [1.200.001](#)), for relevance and adequacy. The task force, which has met at least monthly since January 2023, consists of members practicing in an APS with a PE investment in the nonattest entity (APS with PE), members in a traditional firm structure, a consultant, attorneys, a NASBA representative, and AICPA ethics division staff.
2. The task force has provided PEEC regular updates during PEEC’s quarterly meetings, and PEEC has provided feedback on the task force’s activities. The task force has principally focused on the extant code’s application to independence in evolving APS.
3. The task force requests that stakeholders review this discussion memorandum and respond to the questions set forth in the “Questions for respondents” boxes throughout the document. Specifically, the task force is requesting feedback regarding
 - whether its depiction of an APS is clear;
 - whether respondents agree with the task force’s preliminary conclusions regarding threats to independence in an APS and with its proposed three-step process for determining independence; and
 - whether respondents prefer either of the two potential options presented for addressing both authoritative and nonauthoritative guidance.

Input provided by stakeholders, which will also be presented to PEEC, will enable the task force to address any questions and concerns expeditiously, resulting in more robust and timely output on this subject. In addition to considering any feedback received in response to the discussion memorandum, the task force anticipates addressing the potential need for revisions to the “Alternative Practice Structures” interpretation (ET sec. [1.810.050](#)) of the “Form of Organization and Name Rule” (ET sec. [1.800.001](#)).

Terms defined in the AICPA Code of Professional Conduct are italicized in this document. If you would like to view the definitions, you can find them in “Definitions” ([ET sec. 0.400](#)).

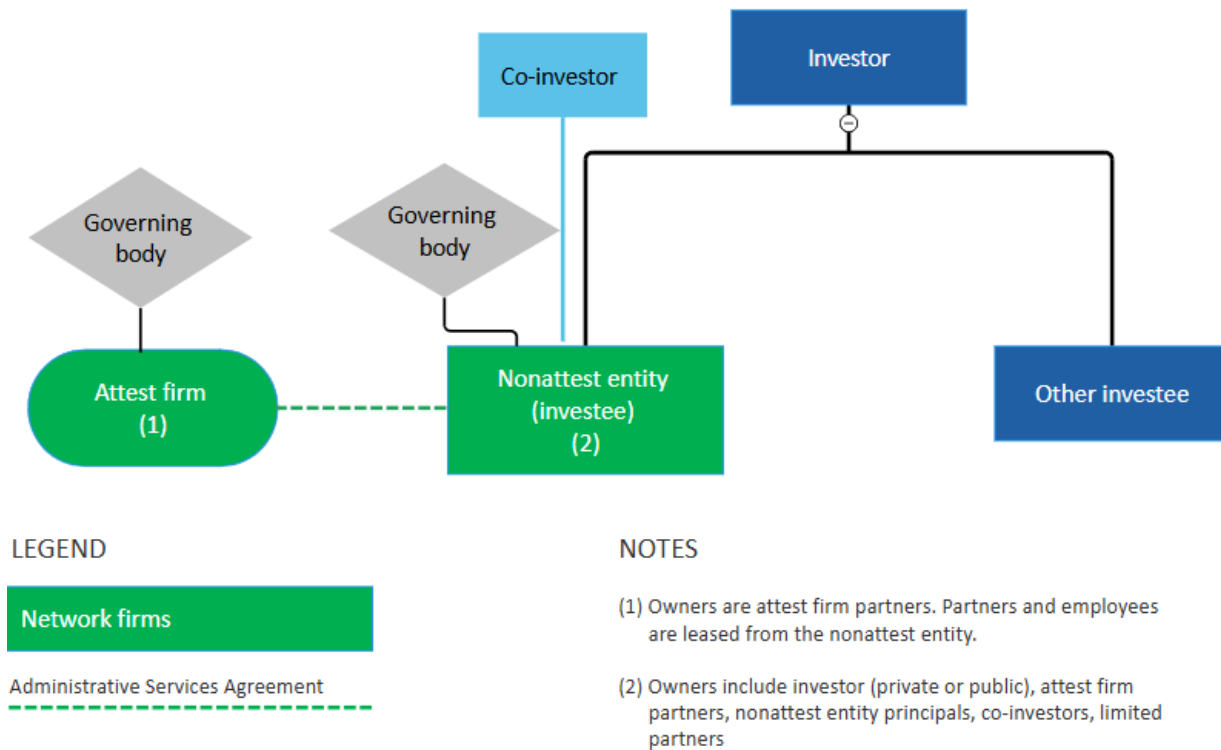
Overview of the structure and characteristics of an APS

Background

4. Accounting *firms* have been part of APSs for more than two decades. An APS is a form of organization in which a *firm* that provides attest services is closely aligned with another entity that performs other *professional services*. The other entity typically sells a portion of its nonattest business to an outside investor. In 2000, PEEC issued two interpretations that focused primarily on investments from *publicly traded entities*:
 - The “Alternative Practice Structures” interpretation (ET sec. 1.220.020) of the “Independence Rule”
 - The “Alternative Practice Structures” interpretation (ET sec. 1.810.050) of the “Form of Organization and Name Rule”

Structure and characteristics

5. The following diagram, based on task force research and discussions with *members* currently practicing in APSs, depicts the basic structure of an APS with a public or private investor.



6. Although any guidance PEEC issues will clarify that these characteristics are not necessarily representative of every APS, the task force understands that these are the most common and basic characteristics of an APS:

- An accounting *firm* divides its attest¹ and nonattest² practices into distinct legal entities and sells a portion of its nonattest practice to an outside investor or investors.³ The separation of the practices and investment in the nonattest entity enables the *firm* to comply with the requirements contained in the “Council Resolution Concerning the Form of Organization and Name Rule” (appendix B).³ Generally, legacy *partners* of the accounting *firm* retain an equity interest in the nonattest entity.
- The outside investor has an investment that provides the investor with either *significant influence* or *control* over the nonattest entity. There may be other outside investors in the

¹ A *firm* that performs any *attest engagements*.

² An organization that does not meet the definition of *firm* that cannot perform attest services as referenced in footnote ¹.

³ The division of the attest and nonattest practices occurs because the “Council Resolution Concerning the Form of Organization and Name Rule” states, “A majority of the ownership of the member’s firm in terms of financial interests and voting rights must belong to CPAs. Any non-CPA owner would have to be actively engaged as a member of the firm or its affiliates. Ownership by investors or commercial enterprises not actively engaged as members of the firm or its affiliates is against the public interest and continues to be prohibited.”

nonattest entity, including those with less than *significant influence* (co-investors) over the nonattest entity.

- The attest *firm* meets the requirements of the “Council Resolution Concerning the Form of Organization and Name Rule,” including majority ownership by CPAs (attest *firm partners*) and the prohibition on “ownership by investors or commercial enterprises not actively engaged as members of the *firm* or its affiliates.” The attest *firm partners* remain responsible for decisions regarding *attest clients*, *attest engagements*, quality management, *independence*, risk management, and attest *firm* personnel. The attest *firm partners* are also employees of the nonattest entity.
- The nonattest entity does not meet the characteristics described in the “Council Resolution Concerning the Form of Organization and Name Rule.” The owners of the nonattest entity may include attest *firm partners*, nonattest entity principals, investors, and co-investors.
- The attest *firm* has its own governing body, such as a board of directors (attest firm board) that is separate from the nonattest entity’s governing body and is not elected by the nonattest entity’s governing body. The attest *firm*’s board is involved in budgetary decisions of the attest *firm*.
- The nonattest entity has its own governing body, such as a board of directors (nonattest entity board) that includes representation from the investor or co-investor oftentimes relative to its *financial interest* in the nonattest entity. Decisions regarding compensation, finance and budget, resource allocation, and strategy of the nonattest entity are made at the board level. However, the nonattest entity board does not make ordinary-course managerial and operational decisions related to the nonattest entity; such decisions are made by senior leadership of the nonattest entity. The nonattest entity board has the authority to approve the budget, including compensation of the attest *firm partners* either on a pooled or individual basis, and may delegate these responsibilities to subcommittees.
- The attest *firm* maintains an “administrative services” agreement with the nonattest entity, and compensates the nonattest entity for administrative support, leased employees, equipment, office space, and other resources.
- The chief executives or equivalents of the attest *firm* and nonattest entity are not the same individual. The chief executive or equivalent of the attest *firm* reports to the attest *firm* board, while the chief executive or equivalent of the nonattest entity reports to the nonattest entity board.

Questions for respondents

1. Does the diagram present a clear and understandable representation of an APS? Are you familiar with any other forms of APS?
2. Are the APS characteristics we described broad enough to allow application across various forms of an APS?
3. Are there any APS characteristics we failed to address that should be included?

Current standards

7. *Firms* currently operating in an APS are required to comply with the “Alternative Practice Structures” interpretations in the code. However, the current interpretation under the “Independence Rule” does not fully address evolving structures, such as those involving PE investments. The following are some of the incongruities, inconsistencies, and gaps that the task force has identified:
 - The model in the extant interpretation depicts a *controlling*⁴ investment by a public company investor in the nonattest entity but does not address lower thresholds, such as a *significant influence*⁵ investment, which is more common with PE investments.

⁴ The code defines *control* as follows:

As used in FASB *Accounting Standards Codification* (ASC) 810, *Consolidation*. When used in the “Client Affiliates” interpretation [1.224.010] of the “Independence Rule” [1.200.001], control depends upon the entity in question. For example, when used for not-for-profit entities, control is as used in FASB ASC 958-805-20; for commercial entities, control is as used in FASB ASC 810. [Prior reference: numerous ET sections; also see “Breakdown of the Term Control in the Code” at <https://www.aicpa-cima.com/resources/download/use-of-the-term-control>]

⁵ The code defines *significant influence* as follows:

As defined in FASB ASC 323-10-15. Ability to exercise significant influence over operating and financial policies of an investee may be indicated in several ways, including the following:

- a. Representation on the board of directors
- b. Participation in policy-making processes
- c. Material intra-entity transactions
- d. Interchange of managerial personnel
- e. Technological dependency
- f. The extent of ownership by an investor in relation to the concentration of other shareholdings (but substantial or majority ownership of the voting stock of an investee by another investor does not necessarily preclude the ability to exercise *significant influence* by the investor).

- The extant APS interpretation describes an APS model where subsidiaries of the public company are under common *control* with the nonattest entity. This may not be the case in an APS with PE. For example, the other portfolio companies in which the PE investor has holdings may or may not be in the same fund as the nonattest entity, and the PE investor may have less than *control* over them.
- The “Network and Network Firms” interpretation ([ET sec. 1.220.010](#)) and related definitions of *network* and *network firm* (ET sec. [0.400.35](#) and [0.400.36](#)) had not been adopted when the extant APS interpretation was written. The extant APS interpretation allows the nonattest entity to provide nonattest services to *attest clients* of the attest *firm* that would impair *independence* if performed by the attest *firm*. The task force’s preliminary conclusion, however, is that the attest *firm* and nonattest entity are *network firms* under the *network* and *network firms* definitions because they “cooperate for the purpose of enhancing the *firms*’ capabilities to provide *professional services*” and share one or more of the listed characteristics of a *network*, such as sharing a common brand name or sharing significant professional resources. If treated as *network firms*, the nonattest entity will not be able to provide nonattest services to *financial statement* audit and review *clients* of the attest *firm* that would impair *independence* if performed by the attest *firm*.
- The terms *direct superiors*, *indirect superiors*, and *other public company entities* do not necessarily apply the same way in an APS with PE as they do under the extant APS interpretation.

APS with private equity

8. The last few years have seen a significant increase in PE investments in accounting *firms*. A typical APS structure involves dividing the accounting *firm* into an attest *firm* and nonattest entity, and an investment from an investor in the nonattest entity.
9. Various stakeholders have communicated with the task force regarding this increase in PE investments. These include attorneys specializing in PE transactions, CEOs and independence leadership from *firms* that operate in an APS, auditors of PE structures, insurance liability carriers, state CPA societies, the International Ethics Standards Board for Accountants (IESBA), and the National Association of State Boards of Accountancy (NASBA). The task force has considered the information and perspectives offered by these stakeholders in its evaluation of whether revisions to the code are necessary. Some of the task force’s key takeaways follow.

PE role and potential benefits

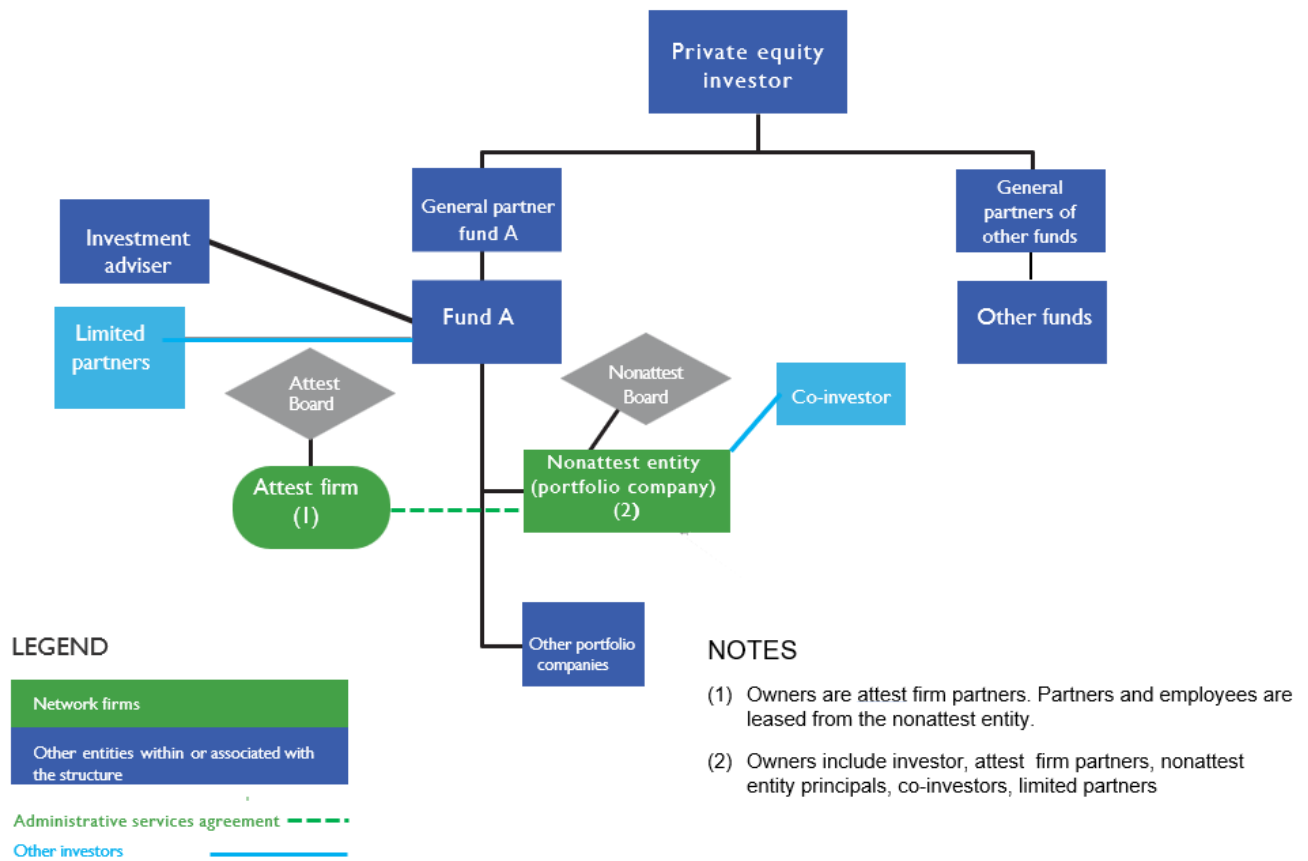
10. PE investors have firmly established themselves as pivotal players across a wide range of industries, including the accounting profession. When an APS is structured properly, and with proper due diligence by accounting *firm* leadership, PE investors can provide capital, expertise, and resources to fuel growth and help accounting *firms* remain competitive in a rapidly changing market. The infusion of capital allows *firms* to focus on innovation, technology, talent retention, and improved *professional services*, all essential to their long-term success.

Public interest principle and independence

11. Notwithstanding the benefits that PE investors may offer *firms*, ensuring that the integrity of the attest function is not compromised under this type of APS is critical to the public interest. The increase in APSs with PE has raised questions from various regulators and the public about potential conflicts. Attest *firms* must demonstrate their steadfast commitment to the highest standards of audit quality and to the public interest by prioritizing *independence*, transparency, ethical practices, and robust governance.
12. *Members* are responsible for ensuring adherence to ethical standards to serve the public interest, including *independence*. A PE investor's willingness and ability to comply with the profession's *independence* standards, where applicable, are essential. This includes the cooperation and sharing of confidential information regarding existing investments and potential target entities so that the *firm* can monitor and evaluate any potential *independence* issues or conflicts with entities in the PE structure. *Firms* that have provided the task force with input note that the PE investors that have invested in their nonattest entities have dedicated significant time and resources to understanding the *independence* requirements that apply within an APS and have been responsive to the profession's *independence* standards and quality management requirements, including necessary monitoring procedures and related processes.

Distinguishing characteristics of an APS with PE

13. In an APS with PE, the basic characteristics and diagram in paragraphs 5 and 6 still apply. PE investment in a nonattest entity is typically through a fund and provides the PE investor with *significant influence* or *control* over the nonattest entity. This fund may also invest in other entities (that is, portfolio companies), which might provide the PE investor with *significant influence* or *control* over the portfolio companies. This differs from the extant APS model where the investor (PublicCo) has *control* over the nonattest entity as well as its other subsidiaries. A depiction of a simplified APS with PE structure follows.



Administrative services agreement

14. The administrative services agreement between the attest *firm* and nonattest entity plays a critical role. It describes the resources the nonattest entity will be providing to the attest *firm*, including administrative support, the leasing of employees, equipment, office space, and other resources. It is the attest *firm*'s responsibility to ensure that this contract provides resources sufficient for the attest *firm* to comply with applicable professional standards, including *independence* and quality management standards. In traditional accounting *firms*, such administrative service agreements generally do not exist; however, the attest and nonattest practices may be involved in discussions regarding resources through a budgetary process.

Regulatory and legal consultations

15. Prior to entering an APS with PE, accounting *firms* have generally participated in extensive due diligence and consultation processes and engaged with legal counsel, regulators, and appropriate standard-setting bodies (for example, SEC, PCAOB, state boards, AICPA) to ensure that the transaction is compliant with existing laws, regulations, and professional standards. Such consultations help identify potential issues and safeguard audit quality and

long-term sustainability of the *firm*, while also mitigating reputational or operational risks associated with operating within an APS.

Quality management policies and controls

16. Most accounting *firms* have preexisting *independence* policies and controls, are subject to peer review, and must adhere to quality management standards to ensure that their attest practices comply with professional standards. Attest *firms* operating within an APS with PE will likely need to implement additional policies, controls, and procedures. This includes addressing any concerns related to the potential influence of PE investors on the nonattest entity and ensuring that the attest function remains insulated from undue influence by the PE investors.

17. Existing APSs with PE have implemented controls to address *threats* to *independence*; examples of such controls follow:

- Updating, for firm-wide distribution, policies, procedures, and guidance that reflect the APS transaction with the PE investor
- Sharing relevant information between the attest *firm* and PE investor to monitor *independence*
- Periodically confirming compliance with applicable *independence* requirements of the PE investor and of any PE investor associates who are required to maintain *independence* (including members of the nonattest entity board)
- Monitoring applicable entities within the PE structure that may be subject to *independence* considerations in the *firm's* database and including such entities in conflict checks performed on prospective client engagements
- Monitoring and performing conflict checks on new nonattest-entity lenders as a result of the transaction with the PE investor
- Implementing robust administrative services agreements that address the provision of sufficient future resources to the attest *firm* to maintain audit quality and *independence*.

The task force's analysis and preliminary conclusions related to independence in an APS

18. The extant "Alternative Practice Structures" interpretation of the "Independence Rule" states that, in an APS, *threats* to *independence* can arise from individuals and entities beyond *covered members*. The task force determined that although the investor does not have any ownership in the attest *firm*, *threats* exist due to the investor's potential ability to influence strategic and budgetary matters affecting the attest *firm*. The degree of influence depends

on factors such as ownership percentage in the nonattest entity and decision-making authority (for example, through representation on the nonattest entity board). To determine whether *threats* are at an *acceptable level*, all *threats*⁶ should be considered in an evaluation of relationships and circumstances when an attest *firm* operates within an APS.

19. The task force has identified relationships and circumstances when *threats* cannot be reduced to an *acceptable level* (that is, the relationship should be prohibited) and others where the “Conceptual Framework for Independence” interpretation ([ET sec. 1.210.010](#)) should be applied to determine whether *threats* are at an *acceptable level*.
20. In discussing the relationships and circumstances involving the various entities within the APS, the task force has also addressed entities specific to an APS with PE.

Terminology

21. Guidance would include the following new terminology to identify certain individuals and entities associated with an APS that are not otherwise defined in the code. The terms will be defined solely for the purpose of applying the new APS guidance.
22. An **investor** is an individual or entity that invests in, and has at least *significant influence* over, the nonattest entity. The investor could be a private equity investor (PE investor), partnership, corporate entity, or other investment vehicle. There may be one or more investors in the nonattest entity.

The term *investor*, instead of *PE investor*, is used to broaden the applicability to variations of an APS.

23. A **significant influence investment** exists when an investor has *significant influence* over the nonattest entity but not *control*.

More than one investor may have *significant influence* over the nonattest entity. If more than one investor has *significant influence* over the nonattest entity, the *member* would apply the new APS guidance to each investor.

24. A **controlling investment** exists when an investor has *control* over the nonattest entity.

For this definition, the task force considered the concept of two separate investors investing in the nonattest entity. Because the concept of “joint control” does not exist in generally accepted accounting principles (GAAP), the task force is not introducing it here. Additionally, two entities cannot have *control* over an entity at the same time. Qualitative factors may assist in determining whether one entity has *control* or neither entity has *control*.

⁶ The following *threats* may exist: *adverse interest threat*, *advocacy threat*, *familiarity threat*, *management participation threat*, *self-interest threat*, *self-review threat*, and *undue influence threat*.

25. A **co-investor** is an individual or entity that invests in, but does not have *significant influence* or *control* over, the nonattest entity. A co-investor is not associated with other investors.

- *Co-investor* is defined because the task force has observed APS examples where, in addition to the lead investor, other individuals or entities invest in the nonattest entity and have less than *significant influence* over it. For example, one investor may hold a 45 percent investment, while two co-investors may each hold a 7.5 percent investment.
- A co-investor may have a seat on the nonattest entity board.

26. **Key stakeholders of the investor** are individuals who represent an investor; such stakeholders could include owners, managing partners, founders, or principals. These individuals may have the authority to appoint members to the nonattest entity board.

Questions for respondents

4. Are the new terms and their definitions clear? Are they broad enough to allow application across various forms of an APS? If not, please explain.
5. Are there other terms that should be defined in any resulting guidance?

Network firms in an APS

27. The task force believes that the attest *firm* and nonattest entity, including any entities *controlled* by the nonattest entity, are *network firms* because they cooperate to enhance the *firms'* capabilities to provide *professional services* and share one or more of the characteristics as described in the definition of *network*. Therefore, the following would apply:

- For *financial statement* audit and review *clients*, the nonattest entity, including any entities *controlled* by the nonattest entity, should comply with the “Independence Rule” and its interpretations, including any prohibitions on providing nonattest services as set forth in the “Nonattest Services” subtopic (ET sec. [1.295](#)).
- For other *attest clients*, the *member* should apply the “Conceptual Framework for Independence” interpretation for any *threats* the *member* knows or has reason to believe may be created by the nonattest entity’s interests and relationships, including any entities *controlled* by the nonattest entity.

28. The task force does not believe that the investor, its funds, and other investees (for example, portfolio companies) should generally be considered *network firms* of the attest *firm* because the investor, its funds, and other investees generally do not cooperate with the attest *firm* for the purpose of enhancing their capabilities to provide *professional services*,

which is required under the definition of *network*.

29. Even though these entities are generally not *network firms* of the attest *firm*, certain relationships they may have with *attest clients* of the attest *firm* may create *threats to independence*. Examples that the task force has considered are outlined in paragraphs 36–43.
30. When evaluating whether a potential *network firm* relationship exists, the task force has preliminarily concluded that the attest *firm* should make the determination based on the relationship of the attest *firm* to the entity in the APS that is being evaluated.

For example, entities that are under common *control* with the nonattest entity would not be considered *network firms* of the attest *firm* because they are not under common *control* with the attest *firm*, unless other characteristics of a *network* exist with respect to the attest *firm*.

31. The definition of *network firm* would require amendment based on the conclusion in paragraph 30. The extant definition includes entities under common *control* with the *network firm*; this could scope in other investees, such as portfolio companies that are under common *control* with the nonattest entity. However, the task force concluded that such investees generally do not cooperate with the attest *firm* for the purpose of enhancing their capabilities to provide *professional services*. Therefore, the revised definition would refer *members* to the APS interpretation to determine if entities under common *control* with the nonattest entity are *network firms* of the attest *firm*.

Question for respondents

6. Do you agree with the preliminary conclusions the task force has reached regarding *network firms* in an APS (paragraphs 27–31)? If not, please explain.

Covered members associated with the APS

32. In addition to individuals who meet the *covered member* definition within the attest *firm* and nonattest entity, the task force believes other individuals associated with the APS may be *covered members*.
33. The most relevant component of the *covered member* definition for individuals outside of the attest *firm* is an *individual in a position to influence the attest engagement*. This includes one who
- evaluates the performance or recommends the compensation of the *attest engagement partner*;

- directly supervises or manages the *attest engagement partner*, including all successively senior levels above that individual through the firm's chief executive;
- consults with the *attest engagement team* regarding technical or industry-related issues specific to the *attest engagement*; or
- participates in or oversees, at all successively senior levels, quality management activities, including internal monitoring, with respect to the specific *attest engagement*.

34. The following individuals associated with the APS meet one or more of the above characteristics and are, therefore, *covered members*.

- Chief executive or equivalent of the nonattest entity, because this individual directly supervises or manages the *partners* of the attest *firm*, as these *partners* are also employees of the nonattest entity.
- Nonattest entity board members who have the authority to approve the compensation of the attest *firm partners* at the individual level.

If a nonattest entity board member is a *covered member* based on this criterion alone, an entity *controlled* by the nonattest entity board member [\(.0.400.14f\)](#) would not be considered a *covered member* for purposes of the APS guidance.

35. Other individuals associated with the APS who should be evaluated by the *member* to determine if they meet the definition of a *covered member* include the following:

- Nonattest entity board members who do not have the authority to approve the compensation of the attest *firm partners* at the individual level
- Nonattest entity senior leadership other than the chief executive or equivalent

Question for respondents

7. Do you agree with the task force's preliminary conclusions regarding *covered members* in an APS (paragraphs 32–35)? If not, please explain.

Relationships with other individuals and entities associated with the APS that may create threats to independence

36. The task force recognizes that APSs continue to evolve; therefore, a one-size-fits-all set of rules is not appropriate. However, the task force believes there are some relationships that, if present, impair *independence*. Because numerous scenarios may arise where facts and circumstances vary, *members* will be required to use significant professional judgment when applying any APS guidance.

Relationships that will impair independence

37. The task force has identified relationships with other individuals and entities associated with the APS beyond the scope of *covered members* and *network firms* that may create *threats to independence*. The relationships and circumstances the task force believes impair *independence* may differ by investment type (that is, *significant influence* or *controlling investment*) (paragraphs 38–41).

38. When the investor holds a *significant influence* or *controlling* investment in the nonattest entity, an undue influence *threat* to independence exists that it is too significant to overcome with the application of *safeguards* if any of the following are in a *key position* at an *attest client*:

- Nonattest entity board members
- General partner of the fund that holds the investment in the nonattest entity
- Key stakeholders of the investor

The task force believes that key stakeholders have the ability to influence the board of the nonattest entity through ownership or advising or appointing nonattest entity board members.

Question for respondents

8. Do you agree with the task force's preliminary conclusion in paragraph 38? If not, please explain.

39. When the investor holds a *significant influence* or *controlling* investment in the nonattest entity, the task force believes *threats* to compliance with the “Independence Rule” are not at an *acceptable level* and cannot be reduced to an *acceptable level* through the application of *safeguards* if the attest *firm* provides an attest service to any of the following entities associated with the APS (these *threats* are due to their relationships with the nonattest entity):

- Investor (for example, PE investor)

- General partner of the fund that holds the investment in the nonattest entity
- Fund that holds the investment in the nonattest entity and other funds advised by the same registered investment adviser (RIA) or investment adviser
- RIA, investment adviser, investment management company, or fund manager of the fund that holds the investment in the nonattest entity.
- Co-investor

Question for respondents

9. Do you agree with the task force's preliminary conclusion in paragraph 39, including the individuals and entities listed? If not, please explain.

40. When the investor holds a *significant influence* or *controlling* investment in the nonattest entity, *threats* to compliance with the "Independence Rule" are not at an *acceptable level* and cannot be reduced to an *acceptable level* through the application of *safeguards* if the attest *firm* provides a *financial statement* attest service to an entity that invests in the investor when the entity has *significant influence* over the investor and the investment is material to the entity.

For example, if the investor is a PE investor, and the attest *firm* provides a *financial statement* attest service to a limited *partner* (LP) of the fund that holds the investment in the nonattest entity, and the LP interest allows the LP to exercise *significant influence* over the fund and is material to the LP, *threats* are not be at an *acceptable level* and cannot be reduced to an *acceptable level* through the application of *safeguards*.

Questions for respondents

10. Do you agree with the task force's preliminary conclusion in paragraph 40? If not, please explain.
11. Should the threshold for determining whether the attest *firm* can provide a *financial statement* attest service to an entity (for example, an LP) that invests in the investor be based on
- a. whether the entity (for example, an LP) has *significant influence* over the investor (such as a PE fund or public company) **and** the investment is material to the entity (that is, as proposed in paragraph 40); or

- b. whether the entity (for example, an LP or shareholder) has *significant influence* over the investor (such as a PE fund or public company) **or** the investment is material to the entity?

41. When the investor holds a *controlling* investment in the nonattest entity, *threats* to compliance with the “Independence Rule” are not at an *acceptable level* and cannot be reduced to an *acceptable level* through the application of *safeguards* when the attest firm provides a *financial statement* attest service to an investee of the investor when the investor either (a) has *significant influence* over the investee and the investee is material to the investor *or* (b) *controls* the investee.

- When the investor is a PE investor, and the investee (that is, portfolio company) is in the same fund as the nonattest entity, threats are not at an *acceptable level* and cannot be reduced to an *acceptable level* by the application of *safeguards*. The task force’s preliminary conclusions regarding providing *financial statement* attest services to other investees of the PE investor are in paragraph 43.
- Due to the significance of the undue influence or self-interest *threat*, the task force’s preliminary conclusions are in some cases more restrictive than the requirements of the “Client Affiliates” interpretation ([ET sec. 1.224.010](#)). For example, under the “Client Affiliates” interpretation, the investee is not considered an *affiliate*⁷ of the nonattest entity unless the investee and nonattest entity are both *controlled* by the investor and material to the investor.

Question for respondents

12. Do you agree with the task force’s preliminary conclusion in paragraph 41? If not, please explain.

Relationships that require application of the conceptual framework

42. The task force is recommending the application of the “Conceptual Framework for Independence” interpretation for other relationships and circumstances, including those in paragraph 43, that may create *threats* to *independence* that would not be specifically prohibited under paragraphs 38–41.
43. In evaluating *threats*, the *member* should consider the investment type (*significant influence* or *controlling*) and other relevant factors. Factors to consider when evaluating the significance of *threats* and possible *safeguards* are included in [appendix 1, table 2](#). The

⁷ Definition (e) of *affiliate*: A sister entity of a *financial statement attest client* if the *financial statement attest client* and sister entity are each material to the entity that *controls* both.

following are examples of such relationships and circumstances:

- The attest *firm* is determining whether it can provide an attest service to an entity associated with the APS that is not expressly prohibited under paragraphs 38–41.
- The attest *firm* knows or has reason to believe a co-investor is providing a nonattest service to an *attest client* of the attest *firm* that would impair *independence* if performed by the attest *firm*.
- The attest *firm* knows or has reason to believe that a financial, employment, or business relationship between the attest *client* and any of the following individuals who are not *covered members* exists and is not expressly prohibited under paragraph 38:
 - Nonattest entity board members who are not *covered members*
 - Nonattest entity senior leadership
 - General partner of the fund that holds the investment in the nonattest entity
 - Key stakeholders of the investor
 - Co-investors in the nonattest entity

Monitoring for these relationships should not be required, but the attest *firm* should evaluate any such relationship it becomes aware of.

Questions for respondents

13. Do you agree with the task force’s preliminary conclusion that the relationships and circumstances described in paragraph 43 should be evaluated under the “Conceptual Framework for Independence”? If not, please explain.
14. Are there any circumstances and relationships that would create *threats* to *independence* that the task force has not addressed but should?
15. Are there any additional factors and possible *safeguards* that should be included in [table 2?](#)

Relationships with other individuals and entities associated with the APS that generally do not create threats to independence

44. The task force has preliminarily concluded that relationships with certain individuals and entities associated with an APS generally do not create *threats* to *independence*. Paragraphs 45–48 describe these relationships.

45. Limited partners of the fund that holds the investment in the nonattest entity and have less than *significant influence* over the fund generally do not create *threats* to *independence*. However, a limited partner who, for example, serves on the nonattest entity board is subject to the guidance applicable to board members.
46. Immediate family members of individuals who are beyond the scope of *covered members* generally do not create *threats* to *independence*.
47. Other investees of the investor (for example, portfolio companies) that are not determined to be *network firms* of the attest firm may provide services to *attest clients* of the attest *firm* that would impair *independence* if performed by the attest *firm*.

The attest *firm* is generally not associated with investees other than the nonattest entity, and if the investees are portfolio companies, they are separate legal entities with separate governing bodies. In the extant APS interpretation, such services are permitted in a *controlling* investment where each subsidiary is also *controlled* by the public company.

48. There is generally not a *threat* to *independence* caused by board crossover when a board member of the nonattest entity also serves on the board of another investee of the investor (for example, portfolio company), and that investee may be providing nonattest services to an *attest client* of the attest *firm* that would *impair independence* if performed by the attest *firm*.

Questions for respondents

16. Do you agree with the task force's preliminary conclusions related to other individuals and entities associated with the APS who would generally not create *threats* to *independence* (paragraphs 45–48)? If not, please explain.
17. Should other individuals or entities associated with the APS be included in this category?

Two potential options to address evolving APS independence issues

Overview

49. Though practicing in an APS with PE is the most prevalent form of APSs today, any final *independence* interpretation or guidance PEEC issues should be broad enough to apply to *firms* operating in other types of APSs beyond those with a PE investor.
50. The task force has included two draft interpretations in this discussion memorandum reflecting its preliminary analysis and conclusions set forth above that would supersede the extant “Alternative Practice Structures” interpretation under the “Independence Rule.” The first option (option 1) is presented in appendix 1; the second option (option 2) is presented in [appendix 2](#). [Appendix 3](#) presents a chart summarizing the differences between options 1 and 2.

Option 1 ([Appendix 1](#))

51. This option involves adoption of a new APS interpretation of the “Independence Rule” to supersede the extant interpretation. It addresses *independence threats* broadly, but it also includes a specific example of an APS with PE. Nonauthoritative guidance will address specific scenarios arising in practice.
52. The proposed interpretation outlines the terminology and characteristics of an APS and provides an example of an APS with PE. It also details three steps to determine *independence*:
- Identify *network firms*.
 - Identify *covered members*.
 - Identify relationships and circumstances involving additional individuals and entities associated with the APS that create *independence threats* and apply relevant prohibitions and the “Conceptual Framework for Independence.”

Option 2 ([Appendix 2](#))

53. This option focuses on using nonauthoritative guidance to identify *covered members* and *network firms* and apply the “Conceptual Framework for Independence” interpretation to individuals and entities beyond *covered members*. Along with the nonauthoritative guidance, it includes a proposed new APS interpretation of the “Independence Rule” to supersede the extant interpretation that addresses APSs more broadly and identifies when *independence*
-

threats could not be reduced to an *acceptable level* by the application of *safeguards* and, therefore, *independence* is *impaired*. The three-step process described in paragraph 52 is the same.

54. The principal difference between option 1 and option 2 is in what material is presented as authoritative (that is, contained in the new interpretation) versus nonauthoritative guidance. Option 1 specifies which individuals and entities meet the definitions of *covered member* and *network firm* within the interpretation (that is, using authoritative guidance), whereas option 2 uses nonauthoritative guidance. Additionally, under option 2, nonauthoritative guidance will assist *members* in applying the “Conceptual Framework for Independence” interpretation to other relationships that may create *threats* to *independence*. Conversely, option 1 includes examples of relationships, factors to consider, and possible *safeguards* within the interpretation.
55. Authoritative guidance in the form of a new APS interpretation is still necessary in option 2 to address *threats* not currently covered in the code. The interpretation in option 2 would outline certain circumstances and relationships that impair *independence* and would be more evergreen, limiting references to specific APS types, such as those with a PE investment.

Questions for respondents

18. Do you agree with the three-step process for identifying, evaluating, and, where possible, mitigating *threats* to *independence* in an APS described in paragraph 52? If not, please explain.
19. In general, based on paragraphs 51–55 and appendixes 1 and 2, do you prefer option 1 or option 2?
- a. If you prefer option 1 ([appendix 1](#))
- i. Are there elements of the draft interpretation that you do not believe can be operationalized? If yes, please explain which elements.
 - ii. Are there elements of the interpretation that you believe would be more appropriately presented in nonauthoritative guidance?
 - iii. Should the APS example diagram presented after [paragraph .07](#) in appendix 1

remain in the interpretation or be moved to nonauthoritative guidance as presented in appendix 2?

- iv. Should the information presented in [table 1 of appendix 1](#) be presented as a table or in paragraph form, as in [paragraphs .09–.12](#) of the example interpretation in appendix 2?
- v. Should the information presented in the conceptual framework table ([table 2](#)) be in the interpretation in appendix 1 or should it be nonauthoritative guidance as presented in appendix 2?
- vi. Are there any other aspects of option 1 you would like to address?

b. If you prefer option 2 ([appendix 2](#)):

- i. Are there any aspects of the nonauthoritative examples that you believe should be included in the interpretation?
- ii. Should the *network firms* conclusions be presented as nonauthoritative guidance as in appendix 2, or included in authoritative guidance as in appendix 1, [paragraphs .09–.12](#)?
- iii. Are the *covered member* conclusions better presented as nonauthoritative guidance as in appendix 2, or included in authoritative guidance as in appendix 1, [paragraphs .13–.15](#)?
- iv. If you believe the information in table 2 should be presented as nonauthoritative guidance, do you agree with listing the circumstances necessitating the application of the conceptual framework as they are presented in the draft interpretation in appendix 2, [paragraph .13](#)?
- v. Are there any other aspects of option 2 you would like to address?

20. Is there an approach other than option 1 or option 2 that would be more appropriate for providing *independence* guidance on APSs? If so, please describe the approach.

Appendix 1

Option 1 — Example APS interpretation including a PE investment

Terms defined in the AICPA Code of Professional Conduct are italicized in this document. If you would like to see the definitions, you can find them in “Definitions” ([ET sec. 0.400](#)).

The following example was prepared to convey the task force’s preliminary conclusions and should not be considered authoritative.

- .01 *Members* who practice in an alternative practice structure should apply this interpretation to determine their compliance with the “Independence Rule” [1.200.001].
- .02 All such structures must be organized in a form that complies with applicable state and federal laws, rules, and regulations, the “Form of Organization and Name Rule” [1.800.001] and the related “Alternative Practice Structures” interpretation [1.810.050] of the “Form of Organization and Name Rule.”
- .03 To protect the public interest, the overriding focus of the “Council Resolution Concerning the Form of Organization and Name Rule” [appendix B] is that CPAs remain responsible for a *firm’s* attest work. In addition to the provisions of the resolution, other requirements of the code and bylaws ensure responsibility for
 - a. compliance with all aspects of applicable law or regulation,
 - b. enrollment in an AICPA-approved practice monitoring program,
 - c. compliance with the “Independence Rule,” and
 - d. compliance with applicable standards promulgated by *Council*-designated bodies (“Compliance with Standards Rule” [1.310.001]) and all other provisions of the code, including “Structure and Application of the AICPA Code” [0.200].

Terminology

.04 The following terms are defined solely for the purpose of applying this interpretation.

- a. An alternative practice structure (APS) is a form of organization in which a *firm* that provides attest services (attest *firm*) is closely aligned with another public or private entity that performs other *professional services* (nonattest entity).
- b. An investor is an individual or entity that invests in, and has at least *significant influence* over, the nonattest entity. The investor could be a private equity investor (PE investor), partnership, corporate entity, or other investment vehicle. There may be one or more investors in the nonattest entity.
- c. A *significant influence* investment exists when an investor has *significant influence* over the nonattest entity but not *control*.
- d. A *controlling* investment exists when an investor has *control* over the nonattest entity.
- e. A co-investor is an individual or entity that invests in, but does not have *significant influence* or *control* over, the nonattest entity. A co-investor is not associated with other investors.
- f. Key stakeholders of the investor are individuals who represent the investor and may include owners, managing partners, founders, or principals

Characteristics and diagram of an APS

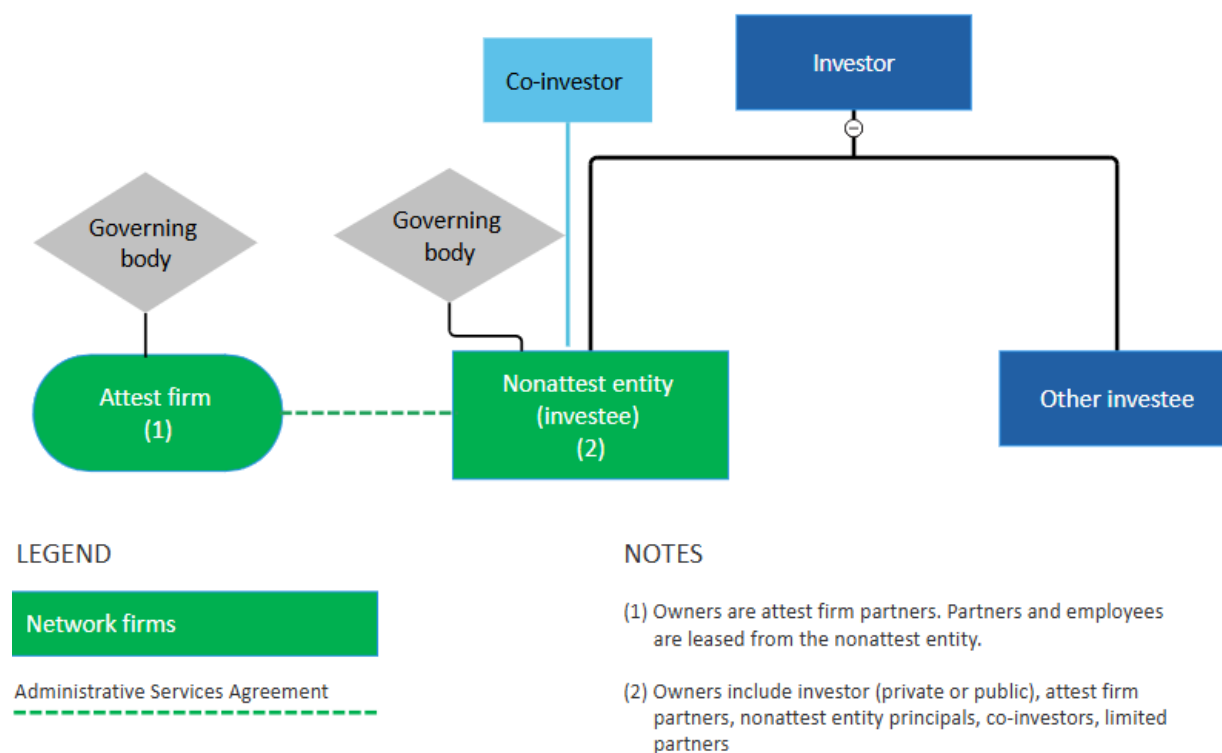
.05 The guidance in this interpretation assumes the APS has the following characteristics.

Members, however, should apply professional judgment regarding the applicability of the concepts of the interpretation even if one or more of these characteristics vary in the member's APS.

- a. A *firm* separates its attest practice (attest *firm*) and nonattest practice (nonattest entity) and sells a portion of its nonattest practice to an outside investor or investors. Generally, legacy *partners* of the *firm* retain an equity interest in the nonattest entity.
 - b. The outside investor has an investment that provides the investor with either *significant influence* or *control* over the nonattest entity. There may be other outside investors in the nonattest entity, including those with less than *significant influence* (co-investors) over the nonattest entity.
-

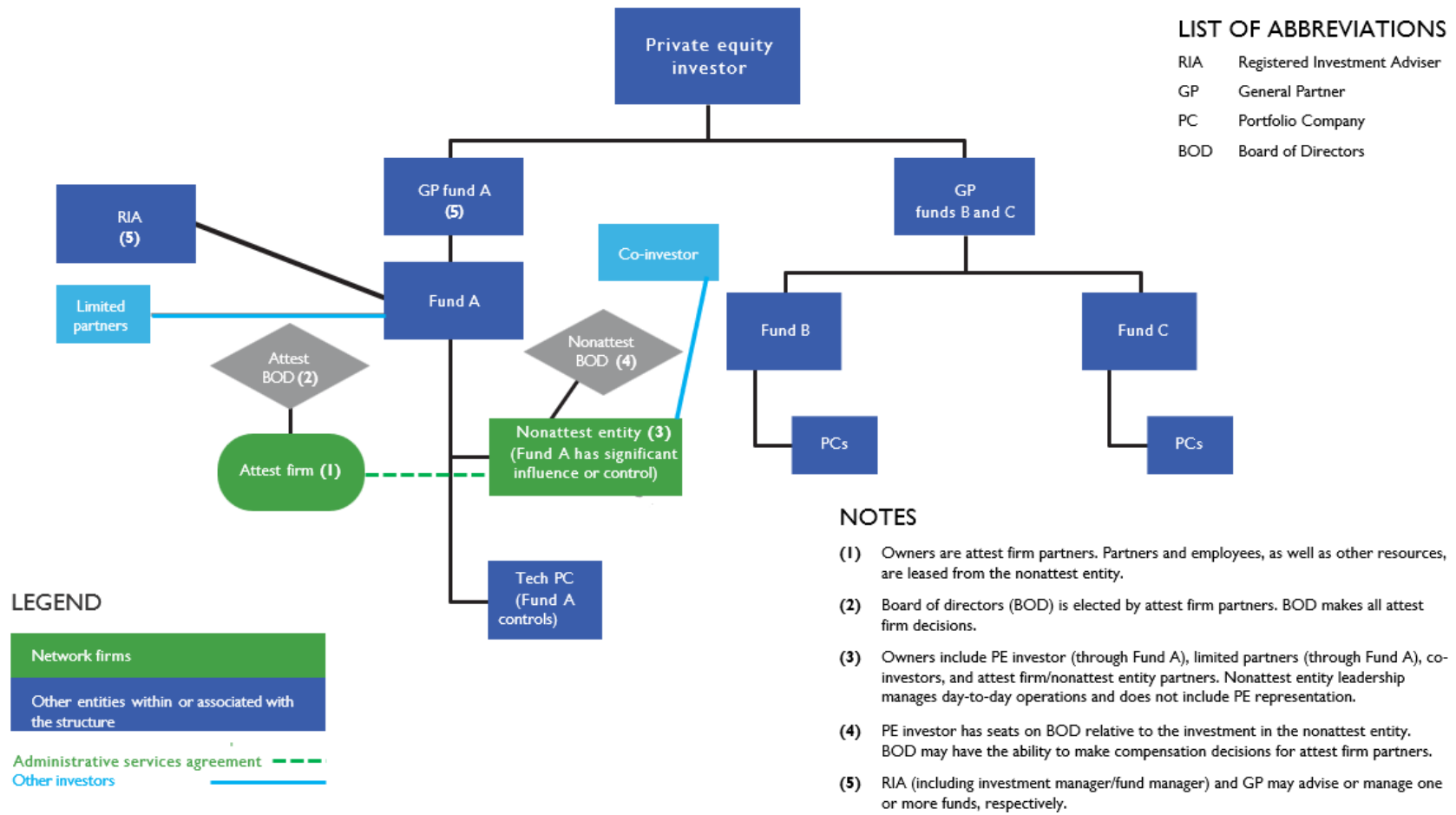
- c. The attest *firm* meets the requirements of the “Council Resolution Concerning the Form of Organization and Name Rule,” including majority ownership by CPAs (attest *firm partners*) and the prohibition against “ownership by investors or commercial enterprises not actively engaged as members of the *firm* or its affiliates.” The attest *firm partners* remain responsible for decisions regarding *attest clients*, *attest engagements*, quality management, *independence*, risk management, and attest *firm* personnel. The attest *firm partners* are also employees of the nonattest entity.
 - d. The nonattest entity does not meet the characteristics of the “Council Resolution Concerning the Form of Organization and Name Rule.” The owners of the nonattest entity may include attest *firm partners*, nonattest entity principals, investors, and co-investors.
 - e. The attest *firm* has its own governing body, such as a board of directors (attest *firm* board) that is separate from the nonattest entity’s governing body and is not elected by the nonattest entity’s governing body. The attest *firm* board is involved in budgetary decisions of the attest *firm*.
 - f. The nonattest entity has its own governing body, such as a board of directors (nonattest entity board) that includes representation from the investor or co-investor oftentimes relative to its *financial interest* in the nonattest entity. Decisions regarding compensation, finance and budget, resource allocation, and strategic decisions of the nonattest entity are made at the board level; however, the nonattest entity board does not make ordinary-course managerial and operational decisions related to the nonattest entity. Such decisions are made by senior leadership of the nonattest entity. The nonattest entity board has the authority to approve the budget, including compensation of the attest *firm partners* either on a pooled or individual basis, and may delegate these responsibilities to subcommittees.
 - g. The attest *firm* maintains an administrative services agreement with the nonattest entity. Under this agreement, the attest *firm* compensates the nonattest entity for administrative support, leased employees, equipment, office space, and other resources.
 - h. The chief executives or equivalents of the attest *firm* and nonattest entity are not the same individual. The chief executive or equivalent of the attest *firm* reports to the attest *firm* board, while the chief executive or equivalent of the nonattest entity reports to the nonattest entity board.
-

.06 The following diagram depicts an APS. The characteristics set forth in paragraph .05 are applicable.



APS example

.07 The following diagram depicts an APS with a PE investor that has either a *significant influence* or a *controlling* investment in the nonattest entity. The investment in the nonattest entity may be held by one or more funds of the PE investor. The characteristics set forth in paragraph .05 are applicable.



Interpretation

.08 *Members* should perform the following steps when evaluating *independence* while operating in an APS.

- a. Determine which entities are *network firms*, (paragraphs .09–.12).
- b. Determine which individuals associated with the APS are *covered members*, (paragraphs .13–.15).
- c. Determine which additional relationships and circumstances associated with the APS create *threats to independence*:
 - i. Identify relationships and circumstances where *threats* would not be at an *acceptable level* and could not be reduced to an *acceptable level* by the application of *safeguards*, and therefore *independence* would be *impaired* (table 1).
 - ii. Apply the “Conceptual Framework for Independence” interpretation [1.210.010] to any other relationships and circumstances that the *member* knows or has reason to believe may exist, such as those identified in table 2.

Network firms associated with the APS

.09 The attest *firm* and nonattest entity, including any entities *controlled* by the nonattest entity, are *network firms* because they cooperate to enhance the *firms’* capabilities to provide *professional services* and share one or more of the characteristics as described in the definition of *network* [0.400.35].

- a. For *financial statement audit and review clients*, the nonattest entity, including any entities *controlled* by the nonattest entity, should comply with the “Independence Rule” and its interpretations, including any prohibitions for providing nonattest services as set forth in the “Nonattest Services” subtopic [1.295].
- b. For other *attest clients*, the *member* should apply the “Conceptual Framework for Independence” interpretation for any *threats* the *member* knows or has reason to believe may be created by the nonattest entity’s interests and relationships, including those of entities *controlled* by the nonattest entity.

.10 The investor, its funds, and other investees would generally not be considered *network firms*

of the attest *firm* because the investor, its funds, and investees generally do not cooperate with the attest *firm* for the purpose of enhancing their capabilities to provide *professional services*.

.11 When evaluating whether a potential *network firm* relationship exists, the attest *firm* should make the determination based on the relationship of the attest *firm* to the entity in the APS that is being evaluated. For example, entities that are under common *control* with the nonattest entity would not be considered *network firms* of the attest *firm* because they are not under common control with the attest *firm* unless other characteristics of a *network* [0.400.35] exist with respect to the attest *firm*.

.12 Nonattest entity *partners*, *partner equivalents*, principals and professional employees remain subject to the interpretations of the “Independence Rule” that apply to individuals within *network firms*.

Covered members associated with the APS

.13 In addition to individuals who meet the *covered member* definition within the attest *firm* and nonattest entity, the following individuals are *covered members*.

- a. Chief executive or equivalent of the nonattest entity because this individual directly supervises or manages the *partners* of the attest *firm* as these *partners* are also employees of the nonattest entity.
- b. Nonattest entity board members who have the authority to approve the compensation of the attest *firm partners* at the individual level. If a nonattest entity board member is a *covered member* based on this criterion alone, an entity *controlled* by the nonattest entity board member [.0.400.14f] is not a *covered member* for purposes of this interpretation.

.14 Other individuals associated with the APS who should be evaluated to determine if they meet the definition of a *covered member* include the following:

- a. Nonattest entity board members who do not have the authority to approve the compensation of the attest *firm partners* at the individual level
- b. Nonattest entity senior leadership not captured in .13a–b (for example, executive committee)

.15 For individuals referenced in .14a–b who are not considered *covered members*, if the attest

firm knows or has reason to believe any financial, employment, or business relationships exists between those individuals and an *attest client*, the attest *firm* should apply the “Conceptual Framework for Independence” interpretation. For factors to consider when evaluating the significance of *threats* and possible *safeguards*, refer to [table 2, item 3](#).

Other relationships with individuals and entities associated with the APS which may create threats to independence

.16 *Threats* to compliance with the “Independence Rule” may exist due to relationships involving individuals and entities associated with the APS that are not considered *covered members*. The following table 1 illustrates the application of this interpretation to those relationships where no *safeguards* can be applied to reduce *threats* to an acceptable level. The term prohibited means that *independence* would be *impaired* if the relationship existed.

Table 1: Relationships	Significant influence investment	Controlling Investment
1. Individuals serving in a key position at attest client		
a. Nonattest entity board members	Prohibited	Prohibited
b. General <i>partner</i> of the fund that holds the investment in the nonattest entity	Prohibited	Prohibited
c. Key stakeholders of the investor	Prohibited	Prohibited
2. Attest firm providing any attest service		
a. Investor (e.g., PE investor)	Prohibited	Prohibited
b. General <i>partner</i> of the fund that holds the investment in the nonattest entity	Prohibited	Prohibited
c. Fund that holds the investment in the nonattest entity and other funds advised by the same registered investment adviser (RIA) or investment adviser	Prohibited	Prohibited
d. RIA, investment adviser, investment management company, or fund manager of the fund that holds the investment in the nonattest entity	Prohibited	Prohibited
e. Co-investor	Prohibited	Prohibited
3. Attest firm providing a financial statement attest service		
a. An entity that invests in the investor when the entity has <i>significant influence</i> over the investor and the investment is material to the entity. If the investor is PE, an entity includes a limited <i>partner</i> (LP) of the fund that holds the investment in the nonattest entity if the LP interest allows the LP to exercise <i>significant influence</i> over the fund and is material to LP.	Prohibited	Prohibited
b. Investee of the investor when the investor either (a) has <i>significant influence</i> over the investee and the investee is material to the investor or (b) <i>controls</i> the investee. If the investor is PE, this applies to investees (e.g., portfolio companies) in the same fund as the nonattest entity that the investor either (a) has <i>significant influence</i> over and is material to the fund or (b) <i>controls</i> .	Apply the “Conceptual Framework for Independence” interpretation to determine if <i>threats</i> are at an <i>acceptable level</i>	Prohibited* *To determine if the <i>attest engagement</i> can be completed when (1) the <i>attest client</i> is being acquired by the investor, refer to the acquisition guidance in the “Client Affiliates” interpretation [1.224.010], or (2) when the attest firm acquires another firm that is providing <i>financial statement</i> attest services to a portfolio company, apply the “Conceptual Framework for Independence.”

.17 The following table depicts examples of relationships and circumstances when the *member* should apply the “Conceptual Framework for Independence.” The table also provides factors to consider when evaluating the significance of the *threats* and possible *safeguards*.

Table 2: Relationship/ circumstance	Factors to consider when evaluating the significance of <i>threats</i>	Possible <i>safeguards</i>
<p>1. Attest <i>firm</i> is determining whether it can provide an attest service to an investee (e.g., portfolio company) of the investor (e.g., PE investor) that is not prohibited by 3b in table 1.*</p> <p>*If an <i>attest client</i> is being acquired by the investor, the <i>member</i> should refer to the acquisition guidance in the “Client Affiliates” interpretation [1.224.010], beginning with paragraph .05 for possible <i>safeguards</i>.</p>	<ul style="list-style-type: none"> • Nature of attest service and level of assurance • Whether the investor has <i>significant influence</i> over or <i>controls</i> the portfolio company • Whether the investment is material to the fund • Whether the portfolio company is in the same fund as the nonattest entity • Whether the general <i>partner</i> is the same for the portfolio company and the nonattest entity • Whether the portfolio company is an existing <i>attest client</i> that the investor is targeting as an acquisition <p>Consider these additional factors in a <i>controlling investment</i>:</p> <ul style="list-style-type: none"> • If in a different fund than the nonattest entity, whether the investor <i>controls</i> the portfolio company • If in a different fund than the nonattest entity, whether the attest service is a <i>financial statement</i> attest service 	<ul style="list-style-type: none"> • The attest <i>firm</i> initiates the involvement of another professional accountant who (a) reviews the attest work that was performed by the <i>attest engagement team</i> for the <i>attest client</i> (or reviews a draft of the attest report prior to issuance) or (b) otherwise advises the <i>attest engagement team</i>. This individual could be someone from outside the <i>firm</i> or someone from within the <i>firm</i> who is not otherwise associated with the <i>attest engagement</i>. • The attest <i>firm</i> monitors the fund that owns the <i>attest client</i> and reevaluates <i>threats</i> if the <i>attest client</i> moves into the same fund as the nonattest entity.

Table 2: Relationship/ circumstance	Factors to consider when evaluating the significance of <i>threats</i>	Possible <i>safeguards</i>
2. Attest <i>firm</i> is determining whether it can provide an attest service to a general <i>partner</i> , fund, or RIA that is not prohibited by 2b–d in table 1.	<ul style="list-style-type: none"> • Nature of the attest service and level of assurance • Whether any investor representation associated with the entity is on the board of the nonattest entity • Whether the investor <i>controls</i> the nonattest entity • The materiality of the nonattest entity to the investor • Whether the fund is material to the investor 	<ul style="list-style-type: none"> • The general <i>partner</i>, fund, or RIA terminates the relationship with the attest client or sufficiently limits their relationship to reduce <i>threats</i> to an <i>acceptable level</i>.
3. Attest <i>firm</i> knows or has reason to believe a financial, employment, or business relationship exists between the <i>attest client</i> and any of the following individuals who are not <i>covered members</i> and that is not prohibited by 1a–c in table 1. <ul style="list-style-type: none"> • Nonattest entity board members who are not <i>covered members</i> 	<ul style="list-style-type: none"> • Nature of the attest service and level of assurance • The percentage of ownership by one or more co-investors in the <i>attest client</i> • Whether the relationship gives the individual <i>significant influence</i> over the attest client • The nature of the relationship and whether it is material or significant to the individual or <i>attest client</i> • Whether the relationship is with the <i>attest client</i>, an <i>affiliate</i>, or an individual associated with the <i>attest client</i>; and if an individual associated with the <i>attest client</i>, the role of that individual • Whether the relationship was entered into based on market terms or established at arm's length • The duration of the relationship and whether it exists during the <i>period of the professional engagement</i> 	<ul style="list-style-type: none"> • The individual recuses him or herself from discussions that involve the specific <i>attest client</i>. • The individual terminates the relationship with the <i>attest client</i> or sufficiently limits their relationship to reduce <i>threats</i> to an <i>acceptable level</i>. • The attest <i>firm</i> implements monitoring procedures for the percentage of ownership and the materiality to the individual, including acquiring affirmations. • The attest <i>firm</i> implements procedures to monitor the individual's relationship with the <i>attest client</i> and reevaluates <i>threats</i> if any changes occur. • The attest <i>firm</i> initiates the involvement of another professional accountant who (a) reviews the attest work that was performed by the <i>attest engagement team</i> for the <i>attest client</i> (or reviews a draft of the attest report prior to issuance) or (b) otherwise advises the <i>attest engagement team</i>. This individual could be someone from outside the

Table 2: Relationship/ circumstance	Factors to consider when evaluating the significance of <i>threats</i>	Possible <i>safeguards</i>
<ul style="list-style-type: none"> • Nonattest entity senior leadership • General <i>partner</i> of the fund that holds the investment in the nonattest entity • Key stakeholders of the investor • Co-investors in the nonattest entity 	<ul style="list-style-type: none"> • Whether the subject matter of the relationship will be subject to attest procedures or <i>financial statement</i> disclosures • Whether the <i>attest client</i> represents a large portion of total fees of the attest <i>firm</i> 	<p><i>firm</i> or someone from within the <i>firm</i> who is not otherwise associated with the <i>attest engagement</i>.</p>

Table 2: Relationship/ circumstance	Factors to consider when evaluating the significance of <i>threats</i>	Possible <i>safeguards</i>
<p>4. Attest <i>firm</i> knows or has reason to believe a co-investor is providing a nonattest service to an <i>attest client</i> of the attest <i>firm</i> that would impair <i>independence</i> if performed by the attest <i>firm</i>.</p>	<ul style="list-style-type: none"> • Whether the co-investor has a financial relationship with an <i>attest client</i> that gives the investor <i>significant influence</i> or <i>control</i> over the <i>attest client</i> • Whether the co-investor has representation on the nonattest entity board • Percentage of ownership by the co-investor in the nonattest entity • Whether the investment in the nonattest entity is material to the co-investor • Nature of the prohibited nonattest service • Whether the fees for the nonattest services are material to the co-investor • Whether the subject matter of the prohibited nonattest service will be subject to attest procedures • Whether the prohibited nonattest service will be provided to an <i>affiliate</i> of the <i>attest client</i> 	<ul style="list-style-type: none"> • The co-investor terminates or sufficiently reduces the relationship with the <i>attest client</i>. • The attest <i>firm</i> implements monitoring procedures (e.g., requiring confirmations from the co-investor regarding the service provided to the <i>attest client</i>) and reevaluates <i>threats</i> if any changes occur. • The <i>attest client</i> engages another party to evaluate the results of the nonattest service or to reperform the nonattest service • The attest <i>firm</i> initiates the involvement of another professional accountant who (a) reviews the attest work that was performed by the <i>attest engagement team</i> for the <i>attest client</i> (or reviews a draft of the attest report prior to issuance) or (b) otherwise advises the <i>attest engagement team</i>. This individual could be someone from outside the <i>firm</i> or someone from within the <i>firm</i> who is not otherwise associated with the <i>attest engagement</i>.

Other relationships with individuals and entities associated with the APS that generally do not create threats to independence

- .18 Relationships with the following individuals and entities associated with the APS generally do not create *threats to independence* in both noncontrolling and controlling investments by the investor; therefore, these individuals and entities are not subject to the “Independence Rule” and its interpretations.
- a. LPs of the fund that holds the investment in the nonattest entity if they have less than *significant influence* over the fund.
 - b. Investees of a co-investor, unless they meet the definition of *network firm*.
 - c. *Immediate family* members of individuals who are not *covered members* but who are subject to *independence* requirements. These individuals may include nonattest entity board members, general partners, key investor stakeholders, RIAs, co-investors, and LPs.
- .19 An investee (for example, portfolio company in any fund) of the investor, that is not in the attest *firm’s network*, may provide nonattest services to an attest *client* of the attest *firm* that would *impair independence* if performed by the attest *firm*.

Appendix 2

Option 2 — Example APS interpretation with nonauthoritative guidance including examples specific to an APS with PE

Terms defined in the AICPA Code of Professional Conduct are italicized in this document. If you would like to see the definitions, you can find them in “Definitions” ([ET sec. 0.400](#))

The following example was prepared to convey the task force’s preliminary conclusions and should not be considered authoritative.

- .01 *Members* who practice in alternative practice structures should apply this interpretation to determine their compliance with the “Independence Rule” [1.200.001].
 - .02 All such structures must be organized in a form that complies with applicable state and federal laws, rules, and regulations, the “Form of Organization and Name Rule” [1.800.001] and the related “Alternative Practice Structures” interpretation [1.810.050] of the “Form of Organization and Name Rule.”
 - .03 To protect the public interest, the overriding focus of the “Council Resolution Concerning the Form of Organization and Name Rule” [appendix B] is that CPAs remain responsible for a *firm’s* attest work. In addition to the provisions of the resolution, other requirements of the code and bylaws ensure responsibility for
 - a. compliance with all aspects of applicable law or regulation,
 - b. enrollment in an AICPA-approved practice monitoring program,
 - c. compliance with the “Independence Rule,” and
 - d. compliance with applicable standards promulgated by Council-designated bodies (“Compliance with Standards Rule” [1.310.001]) and all other provisions of the code, including “Structure and Application of the AICPA Code” [0.200].
-

Terminology

.04 The following terms are defined solely for the purpose of applying this interpretation.

- a. An alternative practice structure (APS) is a form of organization in which a *firm* that provides attest services (attest *firm*) is closely aligned with another public or private entity that performs other *professional services* (nonattest entity).
- b. An investor is an individual or entity that invests in, and has at least *significant influence* over, the nonattest entity. The investor could be a private equity investor (PE investor), partnership, corporate entity, or other investment vehicle. There may be one or more investors in the nonattest entity.
- c. A *significant influence* investment exists when an investor has *significant influence* over the nonattest entity but not *control*.
- d. A *controlling* investment exists when an investor has *control* over the nonattest entity.
- e. A co-investor is an individual or entity that invests in, but does not have *significant influence* or *control* over, the nonattest entity. A co-investor is not associated with other investors.
- f. Key stakeholders of the investor are individuals who represent the investor and may include owners, managing *partners*, founders, or principals.

Characteristics and diagram of an APS

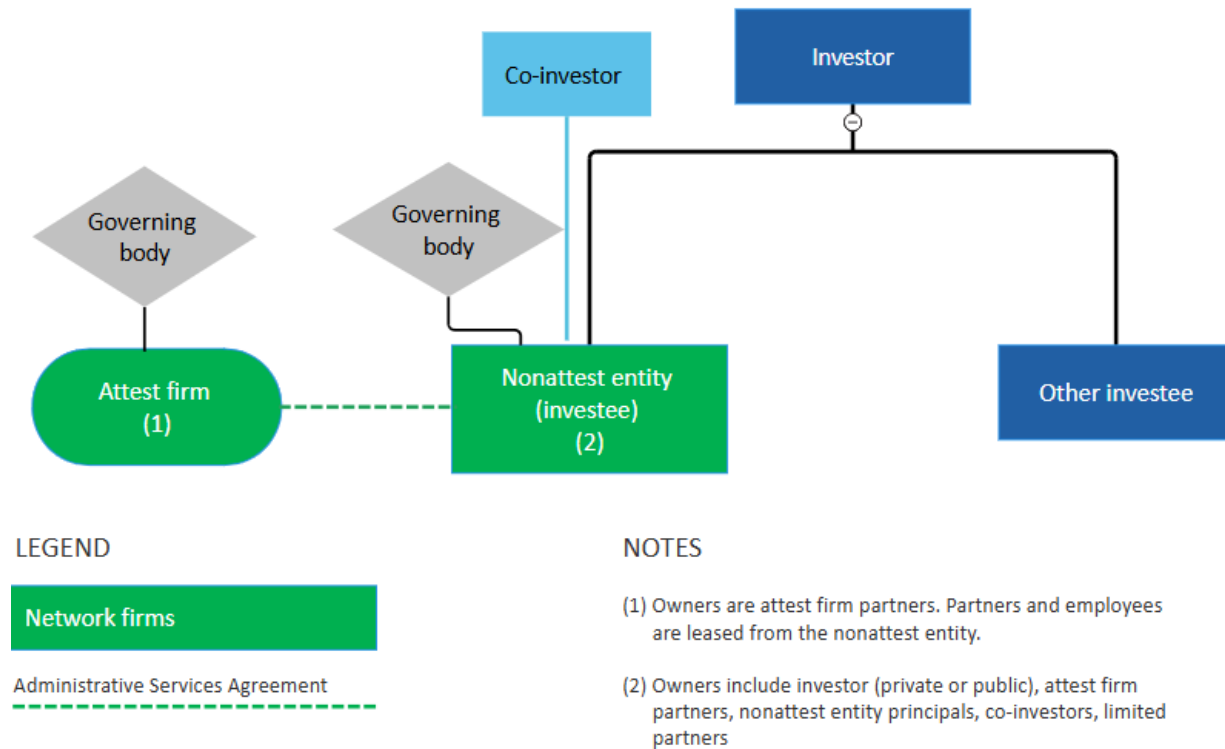
.05 The guidance in this interpretation assumes the APS has the following characteristics.

Members, however, should apply professional judgment regarding the applicability of the concepts of the interpretation even if one or more of these characteristics vary in the member's APS.

- a. A *firm* separates its attest practice (attest *firm*) and nonattest practice (nonattest entity) and sells a portion of its nonattest practice to an outside investor or investors. Generally, legacy *partners* of the accounting *firm* retain an equity interest in the nonattest entity.
 - b. The outside investor has an investment that provides the investor with either *significant influence* or *control* over the nonattest entity. There may be other outside investors in the nonattest entity, including those with less than *significant influence* (co-investors) over the nonattest entity.
-

- c. The attest *firm* meets the requirements of the “Council Resolution Concerning the Form of Organization and Name Rule,” including majority ownership by CPAs (attest *firm* partners) and the prohibition against “ownership by investors or commercial enterprises not actively engaged as members of the *firm* or its affiliates.” The attest *firm* partners remain responsible for decisions regarding *attest clients*, *attest engagements*, quality management, *independence*, risk management, and attest *firm* personnel. The attest *firm* partners are also employees of the nonattest entity.
 - d. The nonattest entity does not meet the characteristics of the “Council Resolution Concerning the Form of Organization and Name Rule.” The owners of the nonattest entity may include attest *firm* partners, nonattest entity principals, investors, and co-investors.
 - e. The attest *firm* has its own governing body, such as a board of directors (attest firm board) that is separate from the nonattest entity’s governing body and is not elected by the nonattest entity’s governing body. The attest *firm* board is involved in budgetary decisions of the attest *firm*.
 - f. The nonattest entity has its own governing body, such as a board of directors (nonattest entity board) that includes representation from the investor or co-investor oftentimes relative to its *financial interest* in the nonattest entity. Decisions regarding compensation, finance and budget, resource allocation, and strategic decisions of the nonattest entity are made at the board level; however, the nonattest entity board does not make ordinary-course managerial and operational decisions related to the nonattest entity. Such decisions are made by senior leadership of the nonattest entity. The nonattest entity board has the authority to approve the budget, including compensation of the attest *firm* partners either on a pooled or individual basis, and may delegate these responsibilities to subcommittees.
 - g. The attest *firm* maintains an administrative services agreement with the nonattest entity compensating the nonattest entity for administrative support and for leasing employees, equipment, office space, and other resources.
 - h. The chief executives or equivalents of the attest *firm* and nonattest entity are not the same individual. The chief executive or equivalent of the attest *firm* reports to the attest *firm* board, while the chief executive or equivalent of the nonattest entity reports to the nonattest entity board.
-

.06 The following diagram depicts an APS applying the characteristics in .05:



Interpretation

.07 When operating in an APS, *members* should first determine

- which entities are *network firms* and apply the “Network and Network Firms” interpretation [1.220.010] to those entities.
- which individuals associated with the APS are *covered members* and apply the “Independence Rule” and its interpretations to those individuals.

.08 *Threats* to compliance with the “Independence Rule” may exist beyond those addressed by the “Network and Network Firms” interpretation and the *covered member* definition.

- Relationships and circumstances where *threats* would not be at an *acceptable level* and could not be reduced to an *acceptable level* by the application of *safeguards*, and therefore *independence* would be impaired (paragraphs .09–.12).

- b. Other relationships and circumstances that the *member* knows or has reason to believe exist should be evaluated to determine if *threats* could be reduced to an *acceptable level*, including the examples in paragraph .13.

.09 When the investor holds a *significant influence* or *controlling* investment in the nonattest entity, *threats* to compliance with the “Independence Rule” would not be at an *acceptable level* and could not be reduced to an *acceptable level* through the application of *safeguards* if any of the following individuals are in a *key position* at an *attest client*.

- a. Nonattest entity board members
- b. General *partner* of the fund that holds the investment in the nonattest entity
- c. Key stakeholders of the investor

.10 When the investor holds a *significant influence* or *controlling* investment in the nonattest entity, *threats* to compliance with the “Independence Rule” would not be at an *acceptable level* and could not be reduced to an *acceptable level* through the application of *safeguards* when the attest *firm* provides an attest service to one of the following entities associated with the APS.

- a. Investor
- b. General *partner* of the fund that holds the investment in the nonattest entity
- c. Fund that holds the investment in the nonattest entity and other funds advised by the same registered investment adviser (RIA) or investment adviser
- d. RIA, investment adviser, investment management company, or fund manager of the fund that holds the investment in the nonattest entity
- e. Co-investors

.11 When the investor holds a *significant influence* or *controlling* investment in the nonattest entity, *threats* to compliance with the “Independence Rule” would not be at an *acceptable level* and could not be reduced to an *acceptable level* through the application of *safeguards* when the attest *firm* provides a *financial statement* attest service to an entity that holds an investment in an investor that allows the entity to exercise *significant influence* over the investor and is material to the entity.

.12 When the investor holds a *controlling* investment in the nonattest entity, *threats* to compliance with the “Independence Rule” would not be at an *acceptable level* and could not be reduced to an *acceptable level* through the application of *safeguards* when the attest *firm*

provides a *financial statement* attest service to an investee of the investor when the investor either (a) has *significant influence* over the investee and the investee is material to the investor or (b) *controls* the investee.

- a. To determine if the *attest engagement* can be completed when an *attest client* is being acquired by the investor, refer to the acquisition guidance in the “Client Affiliates” interpretation [1.224.010].
- b. To determine if the *attest engagement* can be completed when the attest *firm* acquires another *firm* that is providing a *financial statement* attest service to an investee of the investor, apply the “Conceptual Framework for Independence.”

.13 *Members* should also consider other relationships and circumstances that may create *threats* to *independence*. In evaluating *threats*, the *member* should consider the investment type (*significant influence* or *controlling*) and other relevant factors. The following are examples of such *threats* and circumstances that require the application of the “Conceptual Framework for Independence.”

- a. The attest *firm* is determining if it can provide an attest service to another entity associated with the APS, other than an investee, that is not prohibited by paragraph .10.
- b. The attest *firm* is determining if it can provide an attest service to an investee of the investor that is not prohibited by paragraphs .11 and .12.
- c. The attest *firm* knows or has reason to believe that a co-investor is providing a nonattest service to an *attest client* of the attest *firm* that would impair *independence* if performed by the attest *firm*.
- d. The attest *firm* knows or has reason to believe that a financial, employment, or business relationship exists between the *attest client* and any of the following individuals who are not *covered members* and that is not prohibited by paragraph .09.
 - i. Nonattest entity board members who are not *covered members*
 - ii. Nonattest entity senior leadership
 - iii. General *partner* of the fund that holds the investment in the nonattest entity
 - iv. Key stakeholders of the investor

v. Co-investors in the nonattest entity

.14 Relationships with the following individuals and entities associated with the APS generally do not create *threats to independence* in both *significant influence* and *controlling* investments and, therefore, these individuals and entities are not subject to the “Independence Rule” and its interpretations.

- a. Limited partners of the fund that holds the investment in the nonattest entity with less than *significant influence* over the fund.
- b. Investees of a co-investor, unless they meet the definition of a *network firm*.
- c. *Immediate family* members of individuals who are not *covered members* but who are subject to *independence* requirements. These individuals may include nonattest entity board members, general *partners*, key investor stakeholders, registered investment advisers, co-investors, and limited partners.

.15 An investee of the investor that is not in the attest *firm’s network* may provide a nonattest service to an *attest client* of the attest *firm* that would *impair independence* if performed by the attest *firm*.

Examples of nonauthoritative content

Q&A section XXX: Network Firms Associated With an APS

Inquiry: Which entities associated with an APS are *network firms*?

Reply: When determining which entities in an APS are *network firms*, *members* should consider the following.

- The attest *firm* and nonattest entity, including any entities *controlled* by the nonattest entity, are *network firms* because they cooperate to enhance the *firms'* capabilities to provide *professional services* and share one or more of the characteristics as described in the definition of *network* [0.400.35].
 - For *financial statement* audit and review *clients*, the nonattest entity should comply with the “Independence Rule” and its interpretations, including any prohibitions on providing nonattest services as set forth in the “Nonattest Services” subtopic [1.295].
 - For other *attest clients*, the *member* should apply the “Conceptual Framework for Independence” interpretation for any *threats* the *member* knows or has reason to believe may be created by the nonattest entity’s interests and relationships.
- The investor, its funds, and portfolio companies would generally not be considered *network firms* of the attest *firm* because the investor, its funds and portfolio companies are not cooperating with the attest *firm* for the purpose of enhancing their capabilities to provide *professional services*.
- When evaluating whether a potential *network firm* relationship exists, the attest firm should determine based on the relationship of the attest firm to the entity in the APS being evaluated. For example, entities that are under common *control* with the nonattest entity would not be considered *network firms* of the attest *firm* because they are not under common control with the attest *firm* unless other characteristics of a *network* (0.400.35) exist with respect to the attest *firm*.
- Nonattest entity *partners*, *partner equivalents*, principals and professional employees remain subject to the interpretations of the “Independence Rule” that apply to individuals within *network firms*.

Q&A section XXX: Covered Members Associated With the APS

Inquiry: Which individuals associated with an APS are *covered members*?

Reply: When determining which individuals associated with an APS would be *covered members*, *members* should consider the following.

- In addition to individuals who meet the *covered member* definition within the attest *firm* and nonattest entity, the following individuals are *covered members*.
 - Chief executive or equivalent of the nonattest entity because this individual directly supervises or manages the partners of the attest *firm* as these partners are also employees of the nonattest entity.
 - Nonattest entity board members who have the authority to approve the compensation of the attest *firm* partners at the individual level. If a nonattest entity board member is a *covered member* based on this criterion alone, an entity *controlled* by the nonattest entity board member (0.400.14f) is not a *covered member* for purposes of the “Alternative Practice Structures” (1.220.020) interpretation.
- Other individuals associated with the APS who should be evaluated to determine if they meet the definition of a *covered member*, include the following.
 - Nonattest entity board members who do not have the authority, whether exercised or not, to approve the compensation of the attest *firm partners* at the individual level.
 - Nonattest entity senior leadership not captured in 1. (for example, executive committee)

APS With PE Example and Conceptual Framework for Independence Table

The APS example is one in which a PE investor has either a *significant influence* or *controlling* investment in the nonattest entity. The investment in the nonattest entity may be held by one or more funds of the PE investor. The table following the diagram provides examples of relationships and circumstances when the *member* should apply the “Conceptual Framework for Independence” interpretation (ET sec. 1.210.010). The table includes factors to consider when evaluating the significance of *threats* and possible *safeguards* to reduce *threats* to an *acceptable level*.

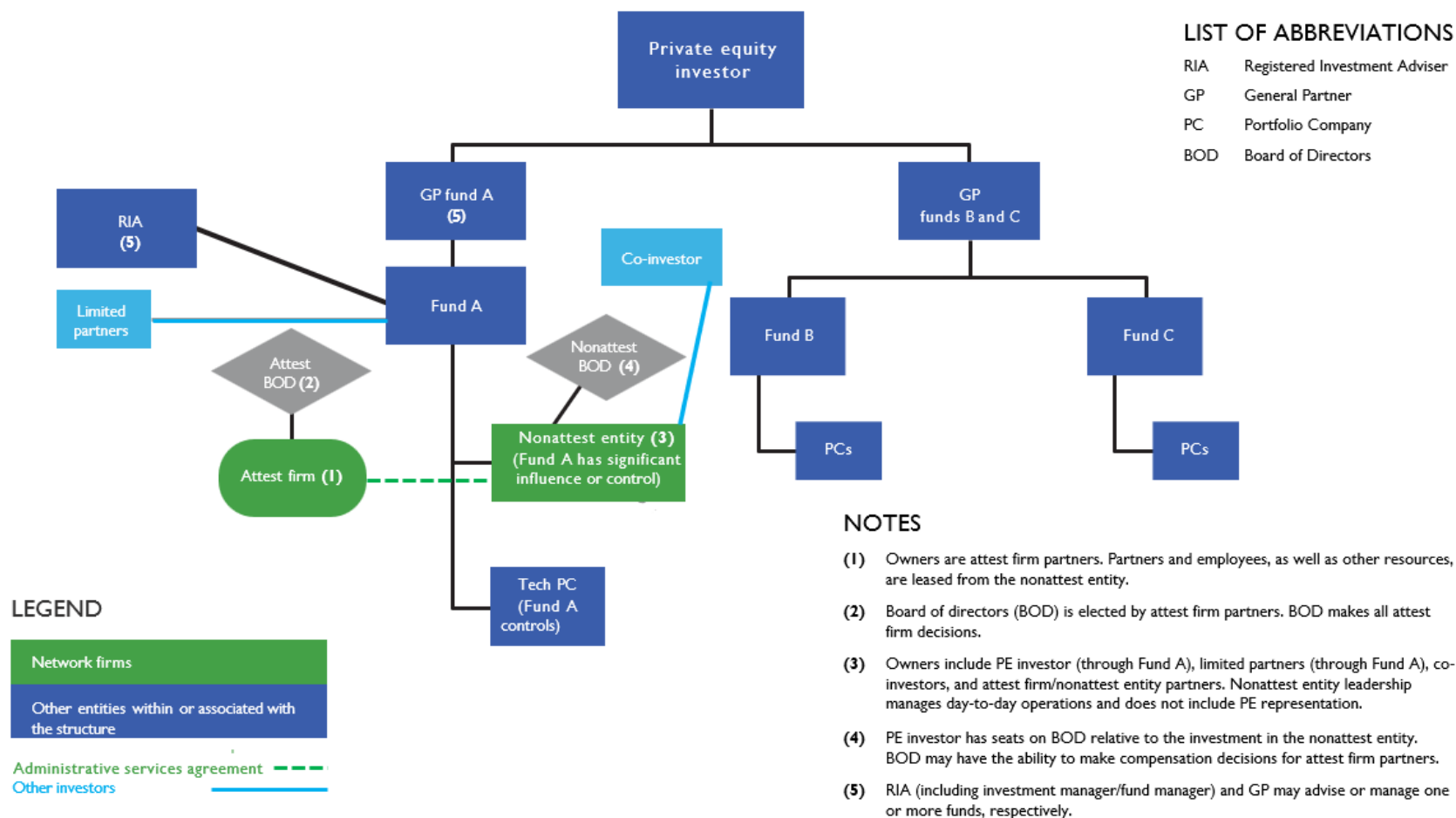


Table 2: Relationship/ Circumstance	Factors to consider when evaluating the significance of threats	Possible safeguards
<p>1. Attest <i>firm</i> is determining whether it can provide an attest service to an investee (e.g., portfolio company) of the investor (e.g., PE investor) that is not prohibited by 3b in table 1.*</p> <p>*If an <i>attest client</i> is being acquired by the investor, the <i>member</i> should refer to the acquisition guidance in the “Client Affiliates” interpretation [1.224.010] beginning with paragraph .05 for possible <i>safeguards</i>.</p>	<ul style="list-style-type: none"> • Nature of attest service and level of assurance • Whether the investor has <i>significant influence</i> over or <i>controls</i> the portfolio company • Whether the investment is material to the fund • Whether the portfolio company is in the same fund as the nonattest entity • Whether the general partner is the same for the portfolio company and the nonattest entity • Whether the portfolio company is an existing <i>attest client</i> that the investor is targeting as an acquisition <p>Consider these additional factors in a <i>controlling investment</i>:</p> <ul style="list-style-type: none"> • If in a different fund than the nonattest entity, whether the investor <i>controls</i> the portfolio company • If in a different fund than the nonattest entity, whether the attest service is a <i>financial statement</i> attest service 	<ul style="list-style-type: none"> • The attest <i>firm</i> initiates the involvement of another professional accountant who (a) reviews the attest work that was performed by the <i>attest engagement team</i> for the <i>attest client</i> (or reviews a draft of the attest report prior to issuance) or (b) otherwise advises the <i>attest engagement team</i>. This individual could be someone from outside the <i>firm</i> or someone from within the <i>firm</i> who is not otherwise associated with the <i>attest engagement</i>. • The attest <i>firm</i> monitors the fund that owns the <i>attest client</i> and reevaluates <i>threats</i> if the <i>attest client</i> moves into the same fund as the nonattest entity

Table 2: Relationship/ Circumstance	Factors to consider when evaluating the significance of threats	Possible safeguards
<p>2. Attest <i>firm</i> is determining whether it can provide an attest service to a general partner, fund, or RIA that is not prohibited by 2b–d in table 1.</p>	<ul style="list-style-type: none"> • Nature of the attest service and level of assurance • Whether any investor representation associated with the entity is on the board of the nonattest entity • Whether the investor <i>controls</i> the nonattest entity • The materiality of the nonattest entity to the investor • Whether the fund is material to the investor 	<ul style="list-style-type: none"> • The general <i>partner</i>, fund, or RIA terminates the relationship with the attest client or sufficiently limits their relationship to reduce <i>threats</i> to an <i>acceptable level</i>.
<p>3. Attest <i>firm</i> knows has reason to believe a financial, employment, or business relationship between the <i>attest client</i> and any of the following individuals who are not <i>covered members</i> and that is not prohibited by 1a–c in table 1.</p> <ul style="list-style-type: none"> • Nonattest entity board members who are not <i>covered members</i> • Nonattest entity senior leadership 	<ul style="list-style-type: none"> • Nature of the attest service and level of assurance • The percentage of ownership by one or more co-investors in the <i>attest client</i> • Whether the relationship gives the individual <i>significant influence</i> over the <i>attest client</i> • The nature of the relationship and whether it is material or significant to the individual or <i>attest client</i> • Whether the relationship is with the <i>attest client</i>, an <i>affiliate</i>, or an individual associated with the <i>attest client</i>; and if an individual associated with the <i>attest client</i>, the role of that individual • Whether the relationship was entered into based on market terms or established at arm's length • The duration of the relationship and whether it exists during the <i>period of the professional engagement</i> 	<ul style="list-style-type: none"> • The individual recuses him or herself from discussions that involve the specific <i>attest client</i>. • The individual terminates the relationship with the <i>attest client</i> or sufficiently limits their relationship to reduce <i>threats</i> to an <i>acceptable level</i>. • The attest <i>firm</i> implements monitoring procedures for the percentage of ownership and the materiality to the individuals, including acquiring affirmations. • The attest <i>firm</i> implements procedures to monitor the individual's relationship with the <i>attest client</i> and reevaluates <i>threats</i> if any changes occur. • The attest <i>firm</i> initiates the involvement of another professional accountant who (a) reviews the attest work that was performed by the <i>attest engagement team</i> for the <i>attest client</i> (or reviews a draft of the attest report prior to issuance) or (b) otherwise advises the <i>attest engagement team</i>. This individual could be someone from outside the <i>firm</i> or someone from within the <i>firm</i>

Table 2: Relationship/ Circumstance	Factors to consider when evaluating the significance of threats	Possible safeguards
<ul style="list-style-type: none"> • General <i>partner</i> of the fund that holds the investment in the nonattest entity • Key stakeholders of the investor • Co-investors in the nonattest entity 	<ul style="list-style-type: none"> • Whether the subject matter of the relationship will be subject to attest procedures or <i>financial statement</i> disclosures • Whether the <i>attest client</i> represents a large portion of total fees of the attest <i>firm</i> 	<p>who is not otherwise associated with the <i>attest engagement</i>.</p>
<p>4. Attest <i>firm</i> knows or has reason to believe a co-investor is providing a nonattest service to an <i>attest client</i> of the attest <i>firm</i> that would <i>impair independence</i> if performed by the attest <i>firm</i>.</p>	<ul style="list-style-type: none"> • Whether the co-investor has a financial relationship with an <i>attest client</i> that gives the investor <i>significant influence or control</i> over the <i>attest client</i> • Whether the co-investor has representation on the nonattest entity board • Percentage of ownership by the co-investor in the nonattest entity • Whether the investment in the nonattest entity is material to the co-investor • Nature of the prohibited nonattest service • Whether the fees for the nonattest services are material to the co-investor • Whether the subject matter of the prohibited nonattest service will be subject to attest procedures • Whether the prohibited nonattest service will be provided to an <i>affiliate</i> of the <i>attest client</i> 	<ul style="list-style-type: none"> • The co-investor terminates or sufficiently reduces the relationship with the <i>attest client</i>. • The attest <i>firm</i> implements monitoring procedures (e.g., requiring confirmations from the co-investor regarding the service provided to the <i>attest client</i>) and reevaluates <i>threats</i> if any changes occur. • The <i>attest client</i> engages another party to evaluate the results of the nonattest service or to reperform the nonattest service. • The attest <i>firm</i> initiates the involvement of another professional accountant who (a) reviews the attest work that was performed by the <i>attest engagement team</i> for the <i>attest client</i> (or reviews a draft of the attest report prior to issuance) or (b) otherwise advises the <i>attest engagement team</i>. This individual could be someone from outside the <i>firm</i> or someone from within the <i>firm</i> who is not otherwise associated with the <i>attest engagement</i>.

Appendix 3

Table summarizing the differences between the two approaches

Aspect	Option 1 (Appendix 1)	Option 2 (Appendix 2)
Scope of authoritative guidance	"Alternative Practice Structures" interpretation (ET sec. 1.220.020) that addresses APS broadly and includes guidance using an APS with PE as an example.	"Alternative Practice Structures" interpretation (ET sec. 1.220.020) that addresses APS broadly and does not include guidance using an APS with PE as an example.
Scope of nonauthoritative guidance	Additional nonauthoritative guidance will be developed as necessary.	Nonauthoritative guidance includes practice aids and examples specific to an APS with PE. Other nonauthoritative guidance will be developed as necessary.
Diagrams	Diagram of a generic APS and a diagram of an example APS with PE included in the interpretation.	Diagram of a generic APS included in the interpretation. Separate nonauthoritative practice aids include a diagram of an APS with PE.
Covered members	Interpretation includes examples of those who are considered covered members outside the attest firm in an APS.	Interpretation refers members to the covered member definition to determine who are covered members. Nonauthoritative guidance includes examples of covered members outside the attest firm.
Network firms	Interpretation includes examples of which entities would and would not be considered network firms and how to apply the network firms guidance in an APS.	Interpretation refers members to the <i>network firm</i> definition and interpretation to determine which entities are network firms. Nonauthoritative guidance includes examples of which

Aspect	Option 1 (Appendix 1)	Option 2 (Appendix 2)
		entities would and would not be network firms and how to apply the network firm's interpretation in an APS.
Prohibited relationships	Interpretation includes a table or text outlining the relationships that impair independence in an APS.	Interpretation includes a table or text outlining the relationships that impair independence in an APS.
Conceptual framework	Interpretation includes a table with relationships that require the application of the conceptual framework. Factors for consideration and possible safeguards included in the interpretation.	Interpretation includes a list of relationships that require applying the conceptual framework. Nonauthoritative guidance includes factors to consider and possible safeguards.
Permitted relationships	Interpretation includes relationships that generally do not create threats to independence in an APS.	Interpretation includes relationships that generally do not create threats to independence in an APS.

Acknowledgments

Alternative Practice Structures Task Force

Anna Dourdourekas, Co-chair

Lisa Snyder, Co-chair

Cathy Allen

Peter Bible

Andreea Danel

Bob Denham

Jennifer Elder

Jason Evans

Kelly Hnatt

Paul Meyer

Randy Milligan

Bisi Tairu

Joe Turkewitz

Paula Young

Observers

Katy Al-Khalidi

Marcus Aron

Michael Auerbach

Michele Craig

Aron Dunn

Jill Hutchison

Steven Platau

Mark Sotichack

Al Tanju

AICPA staff

Toni Lee-Andrews, Director — Professional Ethics

Ellen Gorla, Associate Director — Professional Ethics

Joan Farris, Manager — Professional Ethics



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North Carolina State Board of Certified Public Accountant Examiners

Alternative Practice Structure (APS) Guidelines

The *Alternative Practice Structure (APS) Guidelines* were presented to the North Carolina State Board of CPA Examiners for approval at the Board's (DATE) meeting. The guidelines will serve as guidance for Board staff when answering questions regarding an APS.

The AICPA Code of Professional Conduct describes an alternative practice structure as "a form of organization in which [an accounting firm] that provides attest services is closely aligned with another public or private organization that performs other professional services."

The Board recommends that any CPA with an interest in creating an Alternative Practice Structure read the APS guidelines, as well as the relevant statutes and rules. Questions regarding the guidelines should be submitted, in writing, to the Board staff for review.

APS Guidelines Analysis

Pursuant to North Carolina General Statute (NCGS) 93 and Title 21 of the North Carolina Administrative Code (21 NCAC) 08, the North Carolina State Board of CPA Examiners (the Board) has the responsibility to enforce NC statutes and rules regarding Certified Public Accountants (CPAs).

These internal guidelines are intended to serve as guidance for staff when explaining an APS to CPAs and CPA firms licensed by this Board. These internal guidelines do not constitute approval or disapproval of any specific APS. These internal guidelines describe standards relating to an APS that should be met by all licensed CPAs who are involved with an APS. Every licensed CPA involved in an APS, who directly or indirectly participates in offering to perform or performing services to the public, must comply with the same requirements that apply to a licensed CPA offering to perform or performing services to the public in a CPA firm.

These Internal guidelines do not constitute rule making and are not intended to create rights enforceable at law or in equity. As provided by NCGS 150B-2(8a)(c), the Board sets forth these internal guidelines as a "non-binding interpretative statement" in order to "define, interpret, or explain the meaning" of current applicable statutes and rules.

To the extent these internal guidelines might describe some restrictions upon participants in an APS that are not expressly articulated in current statutes or rules, these restrictions are to be regarded by licensees as necessary to ensure compliance with the pre-eminent requirement for independence "in fact and appearance" as defined in Board rule 21 NCAC 08N .0402, particularly in a business structure that seems otherwise potentially ambiguous.

If a CPA or CPA firm desires a binding interpretation of these internal guidelines in reference to a specific situation, the CPA or CPA firm must request a declaratory ruling pursuant to 21 NCAC 08B .0500. Many regulatory issues have yet to be identified regarding CPA firms and APS structures. The Board will continue to monitor the conduct of CPAs who have employment by, ownership in, or other affiliation with, an APS and may adjust these internal guidelines, propose legislation, and adopt or amend rules as needed. All CPAs licensed by the Board shall comply with NCGS 93.

Alternative Practice Structure (APS) Guidelines

A CPA firm and the related APS shall ensure that the client and the public know that the two entities are separate and distinct in nature and operation so that neither the client nor the public are confused by the relationship between the CPA firm and the APS.

The CPA firm and the related APS must have:

- Separate and distinct legal entities;
- Separate and distinct names, logos, & signage on and within building;
- Separate and distinct public-facing communications: stationery/envelopes, business cards, and advertising under the CPA category;
- Separate websites or if a singular website, then a disclaimer that identifies the distinction between the separate legal entities;
- Separate bank accounts and billings;
- Separate engagement letters for clients of the CPA firm and clients of the APS; and
- Separate proposals to prospective joint clients.

A CPA firm, including its owners, employees, and contractors, shall not allow the related APS to have any direct or indirect control or influence over the governance, structure, or operations of the CPA firm or over the performance of any services by the CPA firm.

A CPA firm shall have the sole discretion to decide which clients it will accept and which engagements it will perform and how accepted engagements will be managed.

The CPA firm shall have the contractual right to hire, contract, or terminate, any particular employee(s) from the related APS or from any other source. The CPA firm shall have the exclusive authority to supervise any contracted or hired personnel. All services performed by loaned, leased, or contracted employees between the entities shall be at fair market value. A CPA employed by the related APS may use the CPA title on his or her stationery and business cards, and he or she may sign documents, except attest service documents, using the CPA title.

A CPA firm must have the contractual right to contract, to the extent it deems appropriate, for office space, equipment, administrative personnel, or other services, from a source other than the related APS without direct or indirect financial costs or penalties under any contract between the CPA firm and the APS or its affiliate(s). Office space, equipment, administrative or professional personnel, or other services provided by the APS to the related CPA firm shall be through a legally binding, non-exclusive contract at fair market value.

All client and business records of the CPA firm are confidential and shall be kept separate from the client and business records of the related APS. Access to those records is limited to the CPA firm unless the client has consented to access to the records by the APS.

The APS and its personnel who provide services to the CPA firm must agree in writing to keep all information, with respect to clients of the CPA firm, confidential except as may be permitted by the client's consent.

Access to, or transfer of, any CPA client records from the CPA firm to the APS and from the APS to the CPA firm shall occur only pursuant to the voluntary, advance consent of the client. If any owner of a CPA firm terminates their relationship with the CPA firm or if any CPA employee of the related APS terminates their employment with the APS, the client records of the CPA firm and the client records of the CPA leaving the related APS shall remain with the CPA firm or CPA employee, respectively, until the client decides who shall retain the records.

Each engagement letter with a joint client must disclose the relationship between the CPA firm and the APS and the limitations on the services provided by each.

A CPA firm shall not provide any attest services to the related APS or to any affiliate of the related APS. An APS may not offer to perform or perform any attest services including audits, reviews of financial statements, compilations of financial statements, examinations of prospective financial information, or agreed-upon procedures engagements.

Each agreement between an APS or its affiliate(s) and the related CPA firm or any owner, manager, employee or contractor of the related CPA firm, must include an express provision which stipulates that there must be compliance with NCGS 93, NCGS 55B, NCGS 57D and 21 NCAC 08 as applicable, and in the event of any conflict with the statutes and rules by any provision of the agreement or the application of any provision of the agreement, the statutes and rules shall prevail.

CPAs and their employees and/or contractors providing attest services shall sign separate independence confirmations with respect to their independence in relation to all attest clients of the CPA firm and the related APS. Independence standards pertaining to clients of a CPA firm, its owners, its employees, and its CPA contractors, shall not be circumvented by the provision of

services through the related APS or an affiliate of the related APS. Accordingly, the CPA firm must treat the related APS and its affiliates as affiliated parties for purposes of applying independence rules.

All CPAs licensed by this Board shall comply with NCGS 93, NCGS 55B, NCGS 57D, and 21 NCAC 08, as applicable. All CPAs licensed by this Board shall comply with all State and federal laws and regulations.

The CPAs and/or the CPA firm shall bear all legal and financial responsibilities imposed by the Board for violations of any statutes, rules, or professional standards and the APS may not indemnify the CPA firm for any such responsibilities.



SENATE BILL 321: Accounting Workforce Development Act.

2025-2026 General Assembly

Committee:	Senate Rules and Operations of the Senate	Date:	April 1, 2025
Introduced by:	Sens. Britt, Overcash, Lazzara	Prepared by:	Bill Patterson
Analysis of:	First Edition		Staff Attorney

OVERVIEW: *Senate Bill 321 would modify the education and work experience required to be licensed as a certified public accountant.*

CURRENT LAW: A person seeking to practice as a certified public accountant (CPA) in this State must be licensed by the State Board of Certified Public Accountant Examiners (Board). Under current law, the education and work experience required to be licensed are satisfied by an applicant who:

- Has completed 150 semester hours and has received a bachelor's degree from an accredited college or university with a concentration in accounting and other courses that the Board may require; and
- Has one year of experience in the field of accounting under the direct supervision of a CPA who is currently licensed in any state or territory of the United States or the District of Columbia.

BILL ANALYSIS: Section 1(a) of the bill would provide that the education and work experience required for licensure also can be satisfied by an applicant who:

- Has received a bachelor's or higher degree from an accredited college or university with a concentration in accounting and other courses that the Board may require; and
- Has two years of experience in the field of accounting under the direct supervision of a CPA who is currently licensed in any state or territory of the United States or the District of Columbia.

Section 1(b) would authorize the Board to adopt rules implementing these provisions.

EFFECTIVE DATE: This act would become effective January 1, 2026.

Kara McCraw
Director



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Legislative Analysis
Division
919-733-2578

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 321

Short Title: Accounting Workforce Development Act. (Public)

Sponsors: Senators Britt, Overcash, and Lazzara (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 19, 2025

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE EDUCATIONAL AND EXPERIENCE REQUIREMENTS FOR
CERTIFICATION AS A CERTIFIED PUBLIC ACCOUNTANT.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 93-12 reads as rewritten:

"§ 93-12. Board of Certified Public Accountant Examiners.

The name of the State Board of Accountancy is hereby changed to State Board of Certified Public Accountant Examiners and said name State Board of Certified Public Accountant Examiners is hereby substituted for the name State Board of Accountancy wherever the latter name appears or is used in Chapter 93 of the General Statutes. Said Board is created as an agency of the State of North Carolina and shall consist of seven members to be appointed by the Governor, five persons to be holders of valid and unrevoked certificates as certified public accountants issued under the provisions of this Chapter and two persons who are not certified public accountants who shall represent the interest of the public at large. Members of the Board shall hold office for the term of three years and until their successors are appointed. Appointments to the Board shall be made under the provisions of this Chapter as and when the terms of the members of the present State Board of Accountancy expire; provided, that all future appointments to said Board shall be made for a term of three years expiring on the thirtieth day of June. All Board members serving on June 30, 1980, shall be eligible to complete their respective terms. No member appointed to a term on or after July 1, 1980, shall serve more than two complete consecutive terms. The powers and duties of the Board shall be as follows:

...

(5) To issue certificates of qualification admitting to practice as certified public accountants, each applicant who, having the qualifications herein specified, has passed an examination to the satisfaction of the Board, in "accounting," "auditing," "business law," and other related subjects.

A person is eligible to take the examination given by the Board, or to receive a certificate of qualification to practice as a certified public accountant, if the person is a citizen of the United States, has declared the intention of becoming a citizen, is a resident alien, or is a citizen of a foreign jurisdiction which extends to citizens of this State like or similar privileges to be examined or certified, is 18 years of age or over, and is of good moral character.

To be eligible to take the examination given by the Board, a person shall submit evidence satisfactory to the Board that the person holds a ~~bachelors~~ bachelor's or higher degree from a college or university that is accredited by



one of the regional accrediting associations or from a college or university determined by the Board to have standards that are substantially equivalent to a regionally accredited institution. The degree studies shall include a concentration in accounting as prescribed by the Board or shall be supplemented with courses that are determined by the Board to be substantially equivalent to a concentration in accounting.

The Board may, in its discretion, waive the education requirement of any candidate if the Board is satisfied from the result of a special written examination given the candidate by the Board to test the candidate's educational qualifications that the candidate is as well qualified as if the candidate met the education requirements specified above. The Board may provide by regulation for the general scope of such examinations and may obtain such advice and assistance as it deems appropriate to assist it in preparing, administering and grading such special examinations.

To be eligible to receive a certificate of qualification to practice as a certified public accountant, a person shall submit evidence satisfactory to the Board that:

a. The person meets one of the following educational requirements:

1. The person has completed 150 semester hours and received a ~~bachelors~~ bachelor's or higher degree with a concentration in accounting and other courses that the Board may require from a college or university that is accredited by a regional accrediting association or from a college or university determined by the Board to have standards that are substantially equivalent to those of a regionally accredited institution.

2. The person has received a bachelor's degree with a concentration in accounting and other courses that the Board may require from a college or university that is either accredited by a regional accrediting association or determined by the Board to have standards substantially equivalent to those of a regionally accredited institution.

b. The person has the endorsement as to the person's eligibility of three certified public accountants who currently hold licenses in any state or territory of the United States or the District of Columbia.

c. The person has one of the following:

1. ~~One year's~~ Only as to those persons applying for a certificate based on the educational requirements of sub-sub-subdivision 1. of sub-subdivision a. of this subdivision, one year of experience in the field of accounting under the direct supervision of a certified public accountant who currently holds a valid license in any state or territory of the United States or the District of Columbia.

1a. Only as to those persons applying for a certificate based on the educational requirements of sub-sub-subdivision 2. of sub-subdivision a. of this subdivision, two years of experience in the field of accounting under the direct supervision of a certified public accountant who currently holds a valid license in any state or territory of the United States or the District of Columbia.

2. Four years of experience teaching accounting in a four-year college or university accredited by one of the regional accrediting associations or in a college or university determined by the Board to have standards substantially equivalent to a regionally accredited institution.
 3. Four years of experience in the field of accounting.
 4. Four years of experience teaching college transfer accounting courses at a community college or technical institute accredited by one of the regional accrediting associations.
 5. Any combination of such experience determined by the Board to be substantially equivalent to the foregoing.
- The Board may permit persons otherwise eligible to take its examinations and withhold certificates until the person has had the required experience.

...."

SECTION 1.(b) The State Board of Certified Public Accountant Examiners may adopt rules to implement the provisions of this section.

SECTION 2. This act becomes effective January 1, 2026.

Accounting Workforce Development Act.
2025-2026 Session

VIEW BILL DIGEST	
VIEW AVAILABLE BILL SUMMARIES	
EDITION	FISCAL NOTE
Filed	
Edition 1	

Last Action:	Ref To Com On Rules, Calendar, and Operations of the House on 4/8/2025
Sponsors:	Britt; Overcash; Lazzara (Primary) Moffitt
Attributes:	Public
Counties:	No counties specifically cited
Statutes:	93 (Chapters); 93-12 (Sections)
Keywords:	ACCOUNTANTS; ACCOUNTING; BOARDS; CPA EXAMINERS BOARD; EDUCATION; EMPLOYMENT; LICENSING & CERTIFICATION; OCCUPATIONS; PROFESSIONAL EDUCATION; PUBLIC

ALL VOTES	
Date: 4/3/2025 11:59 a.m. RCS#: [S]-73 Aye: 45 Exc.Abs.: 4 Total: 45	Subject: Second Reading No: 0 Exc.Vote: 0 Result: PASS N/V: 0

HISTORY		Date
	Date: 4/8/2025 Chamber: House Action: Ref To Com On Rules, Calendar, and Operations of the House Votes: None Documents: None	
	Date: 4/8/2025 Chamber: House Action: Passed 1st Reading Votes: None Documents: None	
	Date: 4/7/2025 Chamber: House Action: Regular Message Received From Senate Votes: None Documents: None	
	Date: 4/7/2025 Chamber: Senate Action: Regular Message Sent To House Votes: None Documents: None	
	Date: 4/3/2025 Chamber: Senate Action: Passed 3rd Reading Votes: None Documents: None	
	Date: 4/3/2025 Chamber: Senate Action: Passed 2nd Reading Votes: PASS: 45-0 Documents: None	
	Date: 4/2/2025 Chamber: Senate Action: Reptd Fav Votes: None	

	Documents: None
	Date: 4/1/2025 Chamber: Senate Action: Re-ref Com On Rules and Operations of the Senate Votes: None Documents: None
	Date: 4/1/2025 Chamber: Senate Action: Reptd Fav Votes: None Documents: None
	Date: 3/26/2025 Chamber: Senate Action: Re-ref to Judiciary. If fav, re-ref to Rules and Operations of the Senate Votes: None Documents: None
	Date: 3/26/2025 Chamber: Senate Action: Withdrawn From Com Votes: None Documents: None
	Date: 3/24/2025 Chamber: Senate Action: Re-ref to Education/Higher Education. If fav, re-ref to Rules and Operations of the Senate Votes: None Documents: None
	Date: 3/24/2025 Chamber: Senate Action: Withdrawn From Com Votes: None Documents: None
	Date: 3/19/2025 Chamber: Senate Action: Ref To Com On Rules and Operations of the Senate Votes: None Documents: None
	Date: 3/19/2025 Chamber: Senate Action: Passed 1st Reading Votes: None Documents: None
	Date: 3/18/2025 Chamber: Senate Action: Filed Votes: None Documents: DRAFT: DRS35125-NN-24

Bill Summary for S 451 (2025-2026)

 irs.sog.unc.edu/billsum/s-451-2025-2026

Section 1.

Requires the following ten State licensing boards (the Covered Boards) that set continuing education requirements by rule to reduce the hour requirements by 50% by either reducing the hours themselves or keeping the same number of hours and doubling the time allowed to achieve those credit hours:

- Board of Landscape Architects
- Board for Licensing of Soil Scientists
- State Board of Examiners for Engineers and Surveyors
- Board for Licensing of Geologists
- Board of Athletic Trainer Examiners
- Locksmith Licensing Board
- Board of Environmental Health Specialist Examiners
- Pesticide Board
- Appraisal Board
- Interpreter and Transliterator Licensing Board

Specifies that if the reduction of continuing education rules would invalidate an accreditation, Interstate Compact, or federal law or rule for a type of license, certification, or permit of a Covered Board, then the requirement to reduce the continuing education rules for that specific license is suspended. Directs the Covered Board to submit a report to the specified NCGA committee by October 1, 2025, indicating the invalidation or conflict under the act and a proposed legislative recommendation to reduce the requirements of continuing education rules to the maximum extent allowed without invalidating the licensure, certification, or permit. Defines *continuing education rules*.

Section 2.

Reduces the continuing education (CE) requirements set by the NC Licensing Board for General Contractors (GC Board) in GS 87-10.2 so that instead of having to complete eight hours of CE annually, the GC Board can determine whether the licensee will have to complete five CE hours annually or ten hours biennially. Allows for three hours of electives if the CE requirement is annual and for six hours of elective courses if the CE requirement is biennial. Reduces the amount of course hours that carry over to the next CE period from four hours to two hours. Requires the GC Board to provide notice, as described, to licensees when it determines whether CE requirements should be completed annually or biennially.

Sets a compliance period if CE requirements are biennial. Sets a CE requirement of sixteen hours for licensees seeking reinstatement for more than two years after the license has gone inactive if the CE compliance period is biennial, and eight hours if the compliance period is annual. Makes conforming changes. Requires the GC Board to adopt rules to implement the statutory changes discussed above.

Reduces the CE requirements set by the NC Landscape Contractors' Licensing Board (LC Board) in GS 89D-20 so that instead of having to complete seven hours of CE annually, the GC Board can determine whether the licensee will have to complete 3.5 CE hours annually or seven hours biennially. If the biennial option is selected and annual license renewals occur during the two-year period, then requires the LC Board to make sure the licensee is making satisfactory progress towards its CE requirement during the first renewal and has completed the CE hours during the second renewal. Requires the LC Board to provide notice, as described, to licensees when it determines whether CE requirements should be completed annually or biennially. Requires the LC Board to adopt rules to implement the statutory changes discussed above. Makes conforming changes.

Reduces the CE requirements set by the NC Irrigation Contractors' Licensing Board (IC Board) in GS 89G-9 so that instead of having to complete ten hours of CE annually, the GC Board can determine whether the licensee will have to complete five CE hours annually or ten hours biennially. If the biennial option is selected and annual license renewals occur during the two-year period, then requires the IC Board to make sure the licensee is making satisfactory progress towards its CE requirement during the first renewal and has completed the CE hours during the second renewal. Requires the IC Board to provide notice, as described, to licensees when it determines whether CE requirements should be completed annually or biennially. Requires the IC Board to adopt rules to implement the statutory changes discussed above. Makes conforming changes.

Reduces the CE requirements set by the NC Auctioneers Commission (Commission) in GS 85B-4 so that instead of having to complete six hours of CE annually, the Commission can determine whether the licensee will have to complete three CE hours annually or six hours biennially. Requires the Commission to provide notice, as described, to licensees when it determines whether CE requirements should be completed annually or biennially. Requires the Commission to adopt rules to implement the statutory changes discussed above. Makes conforming changes.

Reduces the CE requirements set by the NC Real Estate Commission (RE Commission) in GS 93A-38.5 so that instead of having to complete eight hours of CE annually, the Commission can determine whether the licensee will have to complete four CE hours annually or eight hours biennially. Requires the RE Commission to provide notice, as described, to licensees when it determines whether CE requirements should be completed annually or biennially. Requires the RE Commission to adopt rules to implement the statutory changes discussed above. Makes conforming changes.

Grants the NC Alarms Systems Licensing Board (Licensing Board) the power in GS 74D-5 to determine whether its licensees either (1) biennially, with licensees/registrants completing at least three CE hours during each two-year renewal period, with each registrant completing at least 1.5 hours in the biennium or (2) quadrennially, with licensees completing at least six CE hours during each four-year renewal period (spanning two renewal cycles), with each registrant completing three hours in the quadrennium. Requires the Licensing Board to adopt rules to implement the statutory changes discussed above.

Modifies the CE requirements set by the NC Board of Barber and Electrolysis Examiners (Barber Board) in GS 86B-58 so that instead of laser hair practitioners having to complete ten hours of CE annually, the Barber Board can determine whether a laser hair practitioner licensee or an electrologist licensee will have to complete five CE hours annually or ten hours biennially as a requirement for licensure renewal. Requires the Barber Board to provide notice, as described, to licensees when it determines whether CE requirements should be completed annually or biennially. Permits the Barber Board to reduce the CE requirements by rule for licensees with substantial practice experience. Requires the Barber Board to adopt rules to implement the statutory changes discussed above.

Modifies the CE requirements set by the NC Board of Cosmetic Art Examiners (CAEB) in GS 88B-21 so that instead of all licensees having to complete eight hours of CE annually, CAEB can opt to issue rules that either reduce the number of CE hours required annually or extend the timeline required to complete the CE requirements as follows:

1. If CAEB opts for an annual CE requirement, then (1) a teacher, esthetician, natural hair care specialist, or manicurist will complete four hours per year and (2) a cosmetologist must complete a total of 12 hours of CE for the three-year licensing cycle and may complete these hours at any time within the cosmetologist's three-year licensing cycle.
2. If CAEB opts for an extended timeframe CE requirement, then (1) a teacher must complete a total of eight CE hours over a biennium; (2) an esthetician, natural hair care specialist, or manicurist must complete a total of eight CE hours over a biennium, with at least four hours completed each year; and (3) a cosmetologist must complete a total of 24 hours of CE over a six-year period, with a minimum of four hours completed each year.

Requires CAEB to provide notice, as described, to licensees when it determines whether CE requirements should be completed annually or during an extended timeframe. Makes conforming changes. Modifies the CE hours required to revive an inactive license so that (1) if CAEB has opted for reduced hours for active licensees then authorizes CAEB to require four to 12 hours of CE for revival or (2) if CAEB has opted to extend the timeframe to complete CE hours then allows CAEB to require eight to 24 hours as described in bullet 2, above. Requires CAEB to adopt rules to implement the statutory changes discussed above.

Modifies the CE requirements set by the NC Board of Registration for Foresters (Foresters Board) in GS 89B-11 so the Foresters Board must opt to either reduce the CE hours per annual registration period from 12 hours to six hours or to cap the CE requirement at 12 hours over a two-year period, with compliance determined at the end of each CE cycle. Maintains current registration renewal cycle under the statute. Requires the Foresters Board to provide notice, as described, to licensees when it determines whether CE requirements should be completed annually or biennially. Requires the Foresters Board to adopt rules to implement the statutory changes discussed above.

Modifies the CE requirements set by the NC Board of CPA Examiners (CPA Board) in GS 93-12 so that instead of requiring a minimum of 20 CE hours per year and a maximum of 40 CE hours per year, the CPA Board must either: (1) set an annual CE requirement of a minimum of 10 hours per year and a maximum of 20 hours per year; or (2) set a biennial CE requirement requiring a minimum of 20 CE hours and a maximum of 40 CE hours per biennium. Requires the CPA Board to provide notice, as described, to licensees when it determines whether CE requirements should be completed annually or biennially. Requires the CPA Board to adopt rules to implement the statutory changes discussed above. Makes conforming changes.

Modifies the CE requirements set by the NC State Board of Examiners of Electrical Contractors (EC Board) in GS 87-44.1 so that the EC Board has the option to require the qualified individuals described in the statute to complete its CE requirements in 12 or 24 months. Limits the EC Board from requiring more than five CE hours per 12 months (currently limit of 10 hours per year) or more than ten hours per 24-month period, depending on the option the EC Board selects. Modifies the CE carryover provisions so that a qualified individual may carry forward not more than 50% of the required CE hours, not to exceed 2.5 for an annual cycle or five hours for a biennial cycle, to the next applicable cycle (currently, the individual may accumulate and carry forward not more than two years of the annual CE requirement). Requires the EC Board to provide notice, as described, to licensees when it determines whether CE requirements should be completed annually or biennially. Requires the EC Board to adopt rules to implement the statutory changes discussed above.

Reduces the CE requirements set by the Well Contractors Certification Commission (WCCC) in GS 87-98.12 from two CE hours to one CE hour per year or, at WCCC's option, a total of three CE hours over the first six years of certification. Requires WCCC to provide notice, as described, to contractors when it determines whether CE requirements should be completed annually or over a six-year period, as described. Requires WCCC to adopt rules to implement the statutory changes discussed above.

Reduces the CE requirements set by the NC Code Officials Qualification Board (COQB) in GS 143-151.13A so that instead of licensees having to complete six CE hours annually, COQB can opt for licensees to either (1) complete three CE hours per year or (2) complete six CE hours in a two-year period. Requires COQB to provide notice, as described, to

licensees when it determines whether CE requirements should be completed annually or biennially. Reduces the CE hours required to revive an inactive license for individuals whose licenses have been inactive for more than two years and who have not been employed by a city or county inspection department during that time from a cap of six hours to a cap of three hours. Reduces the CE hours required to revive an inactive license for those persons whose licenses have been inactive for more than two years and who have had such employment from three hours to 1.5 hours. Reduces the CE requirement for persons whose licenses have been inactive for two years or less from two hours to one hour. Requires COQB to adopt rules to implement the statutory changes discussed above.

Modifies the CE requirements set by the NC Home Inspector Licensure Board (Home Board) in GS 143-151.64 so that instead of requiring a minimum of 12 CE hours per year and a maximum of 20 CE hours per year, the Home Board must either: (1) set an annual CE requirement of a minimum of six hours per year and a maximum of ten hours per year; or (2) set a biennial CE requirement requiring a minimum of twelve CE hours and a maximum of twenty CE hours per biennium. Requires the Home Board to provide notice, as described, to licensees when it determines whether CE requirements should be completed annually or biennially. Requires the Home Board to adopt rules to implement the statutory changes discussed above. Makes conforming changes.

Modifies the CE requirements set by the NC Manufactured Housing Board (MH Board) in GS 143-143.11B so the MH Board must opt to either reduce the annual CE hours per annual registration period from eight hours to four hours or to cap the CE requirement at eight hours over a two-year period. Requires the MH Board to provide notice, as described, to licensees when it determines whether CE requirements should be completed annually or biennially. Requires the MH Board to adopt rules to implement the statutory changes discussed above.

Modifies the CE requirements set by the NC Interpreter and Transliterater Licensing Board (TTLB) in GS 90D-8 so that instead of licensees having to complete two hours of CE annually, TTLB can determine whether a licensee will have to complete one CE hour annually or two hours biennially. Requires the TTLB to provide notice, as described, to licensees when it determines whether CE requirements should be completed annually or biennially. Requires TTLB to adopt rules to implement the statutory changes discussed above.

Section 3.

Authorizes each occupational licensing board subject to the act to adopt or amend its rules to allow licensees to carry over continuing education or professional development hours from one compliance window to the next, provided all of the following conditions are met: (1) preservation of the 50% reduction in CE hours; (2) carryover does not allow for double

counting; and (3) that any hours earned prior to the act's effective date that are carried forward to a future compliance window are treated uniformly for all similarly situated licenses, as described.

Section 4.

Effective October 1, 2025, and applies to all applications for and renewals of licensure, certification, and permits on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 451

Short Title: Occupational/Professional Licensing Relief. (Public)

Sponsors: Senators Moffitt, Jarvis, and McInnis (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 25, 2025

A BILL TO BE ENTITLED
AN ACT TO REDUCE CONTINUING EDUCATION REQUIREMENTS FOR CERTAIN
OCCUPATIONAL AND PROFESSIONAL LICENSING BOARDS.
The General Assembly of North Carolina enacts:

PART I. REDUCTION OF CONTINUING EDUCATION REQUIREMENTS FOR CERTAIN BOARDS THAT ARE SET BY RULE

SECTION 1.1.(a) Reduction of Continuing Education Requirements. – Notwithstanding any other provision of law or rule, covered boards shall reduce the continuing education and professional development hour requirements established by the covered boards' respective rules by fifty percent (50%).

SECTION 1.1.(b) Implementation. – The boards listed in subsection (d) of this section shall implement this reduction by either (i) reducing continuing education rules per renewal cycle by fifty percent (50%) or (ii) keeping the same number of hours required by continuing education rules as of the effective date of this act and doubling the time allowed to achieve those credit hours.

SECTION 1.1.(c) Applicability. – If the reduction of continuing education rules would invalidate an accreditation, Interstate Compact, or federal law or rule for a type of license, certification, or permit of a covered board, then the requirement to reduce the continuing education rules for that specific license is suspended. The covered board shall submit a report to the Joint Legislative Administrative Procedure Oversight Committee by October 1, 2025, indicating the invalidation or conflict under this section and a proposed legislative recommendation to reduce the requirements of continuing education rules to the maximum extent allowed without invalidating the licensure, certification, or permit.

SECTION 1.1.(d) Definitions. – The following definitions apply in this section:

- (1) Continuing education rules. – Any rule adopted by a covered board that sets an amount of hours for professional training, professional development, continuing education, continuing legal education, continuing medical education, or other training required for a renewal of licensure, certification, or permit for a licensee of a covered board.
- (2) Covered board. – All of the following boards that set continuing education requirements by rule:
 - a. North Carolina Board of Landscape Architects.
 - b. North Carolina Board for Licensing of Soil Scientists.
 - c. North Carolina State Board of Examiners for Engineers and Surveyors.



* S 4 5 1 - V - 1 *

- d. North Carolina Board for Licensing of Geologists.
- e. North Carolina Board of Athletic Trainer Examiners.
- f. North Carolina Locksmith Licensing Board.
- g. North Carolina Board of Environmental Health Specialist Examiners.
- h. North Carolina Pesticide Board.
- i. North Carolina Appraisal Board.
- j. The North Carolina Interpreter and Transliterator Licensing Board, in addition to the requirements under Section 2.16 of this act.

PART II. REDUCTION IN CONTINUING EDUCATION OR PROFESSIONAL DEVELOPMENT HOURS SPECIFIED BY STATUTE

SECTION 2.1.(a) North Carolina Licensing Board for General Contractors. – G.S. 87-10.2 reads as rewritten:

"§ 87-10.2. Continuing education.

(a) As a condition of license renewal, at least one qualifier or qualifying party of a licensee holding a building contractor, residential contractor, or unclassified contractor license classification shall complete, ~~on an annual basis, eight hours as determined by the Board pursuant to subsection (b1) of this section, either (i) on an annual basis, five hours or (ii) on a biennial basis, 10 hours~~ of continuing education approved in accordance with this section. Where an entity holding a building contractor, residential contractor, or unclassified contractor license classification has multiple qualifiers or qualifying parties, at least one qualifier or qualifying party of the licensee shall complete this requirement for the license to remain valid.

(b) ~~Of the eight hours of annual~~ When completing annual continuing education, of the five hours of continuing education required by this section, two hours shall be a mandatory course approved by the Board and the remaining six-three hours shall be elective courses approved by the Board. When completing biennial continuing education, of the 10 hours required, four hours shall be a mandatory course approved by the Board and the remaining six hours shall be elective courses approved by the Board. Each qualifier or qualifying party shall complete the mandatory course each year or compliance period, as applicable. Each qualifier or qualifying party may accumulate and carry forward up to four-two hours of elective course credit to the next calendar year. ~~or compliance period, as applicable.~~ The Board shall evaluate and approve:

- (1) The content of continuing education courses.
- (2) Accreditation of continuing education sponsors and programs.
- (3) Computation of credit.
- (4) General compliance procedures.
- (5) Providers and instructors of continuing education courses.

(b1) The Board shall determine whether continuing education requirements shall be completed on an annual or biennial basis and shall notify licensees of the selected compliance period no less than 90 days before the start of the applicable compliance period.

...

(g) Continuing education requirements shall begin on January 1 of any calendar year and shall be completed by November 30 of that calendar year or, for biennial compliance periods, by November 30 of the second year of the compliance period. The Board shall establish a 90-day grace period following November 30 of ~~each calendar year~~ the compliance period for any qualifier or qualifying party who has failed to complete the continuing education requirement. Failure of the qualifier or qualifying party of the entity holding a building contractor, residential contractor, or unclassified contractor license classification to satisfy the ~~annual~~ continuing education requirement by the expiration of the grace period shall result in the license of the entity being invalidated until such time that continuing education and all other licensing requirements have been met.

(h) Any licensee who chooses not to complete the ~~annual~~ continuing education as required by this section may ~~annually~~ request that the Board place the licensee's license in an inactive status and the license shall become invalid for that license ~~year-period~~. However, in order for the license to be maintained as inactive, the licensee shall pay the same annual renewal fee paid by active licensees. Should the licensee desire to return to active status, the qualifier or qualifying party of the licensee shall satisfactorily complete the following continuing education requirements prior to seeking reinstatement:

(1) If the licensee seeks reinstatement during the first two years after the license becomes inactive, the qualifier or qualifying party shall complete ~~eight-five~~ hours for annual compliance periods or 10 hours for biennial compliance periods of continuing education, including the mandatory course offered during the ~~year-period~~ of reinstatement.

(2) If the licensee seeks reinstatement more than two years after the license becomes inactive, the qualifier or qualifying party shall complete ~~16-eight~~ hours for annual compliance periods or 16 hours for biennial compliance periods of continuing education, including the mandatory course offered during the ~~year-period~~ of reinstatement.

...."

SECTION 2.1.(b) Rulemaking. – The North Carolina Licensing Board for General Contractors shall adopt rules to implement the provisions of this section.

SECTION 2.2.(a) North Carolina Landscape Contractors' Licensing Board. – G.S. 89D-20 reads as rewritten:

"§ 89D-20. License renewal and continuing education.

...

(b) As a condition of license renewal, a licensee shall meet the continuing education requirements ~~set under either one of the following options as determined by the Board. Each licensee shall complete seven continuing education units per year.~~ Board:

(1) Option 1: Annual requirement. – Each licensee shall complete three and one-half continuing education units per year.

(2) Option 2: Biennial requirement. – Each licensee shall complete seven continuing education units over a two-year period. For annual license renewals that occur during this two-year continuing education cycle, the Board shall do both of the following:

a. At the first annual renewal, verify that the licensee is making satisfactory progress toward meeting the biennial requirement.

b. At the second annual renewal, verify that the licensee has completed the full biennial requirement.

(c) The Board shall notify licensees of the selected continuing education option provided by subsection (b) of this section no less than 90 days before the start of the applicable continuing education cycle.

(d) The Board may suspend a licensee's license for 30 days for failure to obtain continuing education units required by this ~~subsection-section~~. Upon payment of a reinstatement fee, submission to the Board of proof of the continuing education units required by this subsection, and payment of the license renewal fee and late renewal fee, the licensee's license shall be reinstated. Failure to request a reinstatement of the license and failure to pay the reinstatement fee, renewal fee, and late renewal fee shall result in the forfeiture of a license. Upon forfeiture, a person shall be required to submit a new application and retake the examination as provided in this Chapter."

SECTION 2.2.(b) Rulemaking. – The North Carolina Landscape Contractors' Licensing Board shall adopt rules to implement the provisions of this section.

1 **SECTION 2.3.(a)** North Carolina Irrigation Contractors' Licensing Board. –
2 G.S. 89G-9 reads as rewritten:

3 **"§ 89G-9. License renewal and continuing education.**

4 ...

5 (b) As a condition of license renewal, an individual licensee shall meet continuing
6 education requirements set by the Board. ~~Each individual licensee shall complete 10 continuing~~
7 ~~education units per year.~~ An individual licensee shall meet continuing education requirements
8 under one of the following options as determined by the Board:

9 (1) Option 1: Annual requirement. – Each individual licensee shall complete five
10 continuing education units per year.

11 (2) Option 2: Biennial requirement. – Each individual licensee shall complete 10
12 continuing education units over a two-year period. For annal license renewals
13 that occur during this two-year continuing education cycle, the Board shall do
14 both of the following:

15 a. At the first annual renewal, verify that the licensee is making
16 satisfactory progress toward meeting the biennial requirement.

17 b. At the second annual renewal, verify that the licensee has completed
18 the full biennial requirement.

19 (b1) The Board shall determine which continuing education option provided by subsection
20 (b) of this section shall be implemented and shall notify licensees of the selected option no less
21 than 90 days before the start of the applicable compliance period.

22"

23 **SECTION 2.3.(b)** Rulemaking. – The North Carolina Irrigation Contractors'
24 Licensing Board shall adopt rules to implement the provisions of this section.

25 **SECTION 2.4.(a)** North Carolina Auctioneers Commission. – G.S. 85B-4(e1) reads
26 as rewritten:

27 "(e1) The Commission may require licensees to complete ~~annually not more than six hours~~
28 either (i) not more than three hours annually or (ii) not more than six hours biennially of
29 Commission-approved continuing education courses prior to license renewal. The Commission
30 shall determine which continuing education option shall be implemented and shall notify
31 licensees of the selected option no less than 90 days before the start of the applicable compliance
32 period. The Commission may impose different continuing education requirements, including no
33 such requirements, upon the classes of licensees under this Chapter. The Commission may waive
34 any or all continuing education requirements in cases of hardship, disability, or illness, or under
35 other circumstances as the Commission deems appropriate. The Commission may adopt rules
36 not inconsistent with the provisions of this Chapter to establish continuing education
37 requirements, including rules that govern any of the following:

38 (1) The content and subject matter of continuing education courses.

39 (2) The curriculum of required continuing education courses.

40 (3) The criteria, standards, and procedures for the approval of courses, course
41 sponsors, and course instructors.

42 (4) The methods of instruction for continuing education courses.

43 (5) The computation of course credit.

44 (6) The number of credit hours needed ~~annually for compliance.~~

45 (7) The ability to carry forward course credit from one ~~year compliance period~~ to
46 another.

47 (8) The waiver of the continuing education requirement for hardship or other
48 reasons to be determined by the Commission.

49 (9) The procedures for compliance and noncompliance with continuing education
50 requirements."

1 **SECTION 2.4.(b)** Rulemaking. – The North Carolina Auctioneers Commission shall
2 adopt to implement the provisions of this section.

3 **SECTION 2.5.(a)** North Carolina Real Estate Commission. – G.S. 93A-38.5 reads
4 as rewritten:

5 **"§ 93A-38.5. Continuing education.**

6 (a) The Commission shall establish a program of continuing education for real estate
7 brokers. An individual licensed as a real estate broker is required to complete ~~eight hours of~~
8 ~~instruction a year during any license renewal period either (i) four hours of instruction a year~~
9 ~~during any license renewal period or (ii) eight hours of instruction over a two-year period in~~
10 subjects the Commission deems appropriate. The Commission shall determine which continuing
11 education option shall be implemented and shall notify licensees of the selected option no less
12 than 90 days before the start of the applicable continuing education cycle. Any licensee who fails
13 to complete continuing education requirements pursuant to this section shall not actively engage
14 in the business of real estate broker.

15 (b) The Commission may, as part of the broker continuing education requirements,
16 require real estate brokers-in-charge to complete during each annual license period a special
17 continuing education course consisting of not more than ~~four~~ two hours of instruction if the
18 Commission selects the annual continuing education option, or not more than four hours of
19 instruction over a two-year period if the Commission selects the biennial continuing education
20 option, in subjects prescribed by the Commission.

21 ...

22 (d) The Commission may adopt rules not inconsistent with this Chapter to implement the
23 continuing education requirement, including rules that govern:

24 ...

25 (6) The ability to carry forward course credit from one ~~year~~ continuing education
26 cycle to another.

27 (7) The deferral of continuing education for brokers not engaged in brokerage.

28 (8) The waiver of or variance from the continuing education requirement for
29 hardship or other reasons.

30 (9) The procedures for compliance and sanctions for noncompliance.

31 "

32 **SECTION 2.5.(b)** Rulemaking. – The North Carolina Real Estate Commission shall
33 adopt rules to implement the provisions of this section.

34 **SECTION 2.6.(a)** North Carolina Alarm Systems Licensing Board. – G.S. 74D-5
35 reads as rewritten:

36 **"§ 74D-5. Powers of the Board.**

37 (a) In addition to the powers conferred upon the Board elsewhere in this Chapter, the
38 Board shall have the power to:

39 ...

40 (9) Determine which of the following continuing education requirement options
41 shall apply. The Board shall select one of the following options and notify
42 licensees and registrants of the selected continuing education option no less
43 than 90 days before the start of the applicable continuing education cycle.
44 Credit shall be given only for classes that have been preapproved by the
45 Board:

46 a. Biennial requirement option. – Each licensee shall complete at least
47 three credit hours of continuing education training during each
48 two-year renewal period, and each registrant shall complete at least
49 one and one-half credit hours of continuing education training during
50 each two-year renewal period.

b. Quadrennial requirement option. – Each licensee shall complete at least six credit hours of continuing education training during each four-year period (spanning two renewal cycles), and each registrant shall complete at least three credit hours of continuing education training during each four-year period (spanning two renewal cycles).

(b) The chairman of the Board or his representative designated to be a hearing officer may conduct any hearing called by the board for the purpose of denial, suspension, or revocation of a license or registration under this Chapter."

SECTION 2.6.(b) Rulemaking. – The North Carolina Alarm Systems Licensing Board shall adopt rules to implement the provisions of this section.

SECTION 2.7.(a) North Carolina Board of Barber and Electrolysis Examiners. – G.S. 86B-58 reads as rewritten:

"§ 86B-58. Continuing education.

(a) The Board shall determine the number of ~~hours~~ hours, subject to the requirements of subsection (d) of this section, and subject matter of continuing education required as a condition of license renewal. The Board may offer continuing education to the licensees under this act.

...

(d) ~~Laser hair practitioners are required to complete a minimum of 10 hours of continuing education annually to maintain their licenses pursuant to rules adopted by the Board. Continuing education requirements for licensees shall be as follows:~~

(1) An electrologist licensed in this State shall complete continuing education units in the amount determined by the Board pursuant to subsection (e) of this section, which shall be either five continuing education units annually or 10 continuing education units biennially, as a requirement for renewal of the electrology license.

(2) A laser hair practitioner licensed in this State shall complete continuing education units in the amount determined by the Board pursuant to subsection (e) of this section, which shall be either five continuing education units annually or 10 continuing education units biennially, as a requirement for renewal of the laser hair practitioner license.

(e) The Board shall determine whether continuing education requirements shall be completed on an annual basis at five continuing education units per year or on a biennial basis at 10 continuing education units per two-year period. The Board shall notify licensees of the selected continuing education cycle no less than 90 days before the start of the applicable continuing education cycle. All references in this section to alternative continuing education requirements shall be interpreted in accordance with the continuing education cycle established by the Board pursuant to this subsection.

(f) Notwithstanding any other subsection of this section, the Board may establish, through rule, reduced continuing education requirements for licensees with substantial practice experience."

SECTION 2.7.(b) Rulemaking. – The North Carolina Board of Barber and Electrolysis Examiners shall adopt rules to implement the provisions of this section.

SECTION 2.8.(a) North Carolina Board of Cosmetic Art Examiners. – G.S. 88B-21 reads as rewritten:

"§ 88B-21. Renewals; expired licenses; inactive status.

...

(d1) The Board shall determine which of the following continuing education requirement options shall apply and shall notify licensees of the selected option no less than 90 days before the start of the applicable continuing education cycle:

(1) Option 1. – Fewer hours requirement.

(2) Option 2. – Extended timeframe requirement.

(e) ~~Prior to renewal of a license, a teacher, cosmetologist, esthetician, natural hair care specialist, or manicurist shall annually complete eight hours of Board-approved continuing education for each year of the licensing cycle. A cosmetologist may complete up to 24 hours of required continuing education at any time within the cosmetologist's three-year licensing cycle. If the Board selects Option 1 under subsection (d1) of this section, prior to renewal of a license:~~

~~(1) A teacher, esthetician, natural hair care specialist, or manicurist shall annually complete four hours of Board-approved continuing education.~~

~~(2) A cosmetologist shall complete a total of 12 hours of Board-approved continuing education for the three-year licensing cycle and may complete these hours at any time within the cosmetologist's three-year licensing cycle.~~

(e1) If the Board selects Option 2 under subsection (d1) of this section, prior to renewal of a license:

(1) A teacher shall complete a total of eight hours of Board-approved continuing education over a two-year licensing cycle.

(2) An esthetician, natural hair care specialist, or manicurist shall complete a total of eight hours of Board-approved continuing education over a two-year period, with a minimum of four hours completed each year.

(3) A cosmetologist shall complete a total of 24 hours of Board-approved continuing education over a six-year period, with a minimum of four hours completed each year.

(e2) Licensees shall submit written documentation to the Board showing that they have satisfied the requirements of ~~this subsection~~, subsection (e) or subsection (e1) of this section, as applicable. A licensee who is in active practice as a cosmetologist, esthetician, natural hair care specialist, or manicurist, has practiced for at least 10 consecutive years in that profession, and is 60 years of age or older does not have to meet the continuing education requirements of this subsection. A licensee who is in active practice as a cosmetologist and has at least 20 consecutive years of experience as a cosmetologist, does not have to meet the continuing education requirements of this subsection, but shall report any continuing education classes completed to the Board, whether the continuing education classes are Board-approved or not. Promotion of products and systems shall be allowed at continuing education given in-house or at trade shows. Continuing education classes may also be offered in secondary languages as needed. No member of the Board may offer continuing education courses as required by this section.

...

(h) Upon request by a licensee for inactive status, the Board may place the licensee's name on the inactive list so long as the licensee is in good standing with the Board. An inactive licensee is not required to complete continuing education requirements. An inactive licensee shall not practice cosmetic art for consideration. However, the inactive licensee may continue to purchase supplies as accorded an active licensee. When the inactive licensee desires to be removed from the inactive list and return to active practice, the inactive licensee shall notify the Board of his or her desire to return to active status and pay the required fee as determined by the Board. As a condition of returning to active status, the Board may require the licensee to complete ~~eight to 24 hours of continuing education pursuant to subsection (e) of this section~~, continuing education consistent with the option selected under subsection (d1) of this section, as follows:

(1) If the Board has selected Option 1 under subsection (d1) of this section, the Board may require four to 12 hours of continuing education.

(2) If the Board has selected Option 2 under subsection (d1) of this section, the Board may require eight to 24 hours of continuing education to be completed within the applicable time frame specified in subsection (e1) of this section."

SECTION 2.8.(b) Rulemaking. – The North Carolina Board of Cosmetic Art Examiners shall adopt rules to implement the provisions of subsection (a) of this section.

1 **SECTION 2.9.(a)** North Carolina Board of Registration for Foresters. – G.S. 89B-11
2 reads as rewritten:

3 **"§ 89B-11. Expiration and renewals; continuing education.**

4 ...

5 (b) ~~The Board shall require registered foresters to attend continuing education courses~~
6 ~~approved by the Board, not to exceed 12 hours per year, as a condition of renewal. While~~
7 maintaining the annual registration renewal cycle as established in subsection (a) of this section,
8 the Board shall determine which of the following continuing education requirement options shall
9 apply and shall require registered foresters to attend continuing education courses approved by
10 the Board as a condition of renewal:

11 (1) Option 1. – The continuing education requirement shall not exceed six hours
12 per annual registration period.

13 (2) Option 2. – The continuing education requirement shall not exceed 12 hours
14 over a two-year period, with compliance determined at the end of each
15 two-year continuing education cycle.

16 (c) The Board shall notify registered foresters of the selected continuing education option
17 provided by subsection (b) of this section no less than 90 days before the start of the applicable
18 continuing education cycle. Under either option, the registration shall continue to be renewed
19 annually as provided in subsection (a) of this section."

20 **SECTION 2.9.(b)** Rulemaking. – The North Carolina Board of Registration for
21 Foresters shall adopt rules to implement the provisions of this section.

22 **SECTION 2.10.(a)** North Carolina State Board of Certified Public Accountant
23 Examiners. – G.S. 93-12 reads as rewritten:

24 **"§ 93-12. Board of Certified Public Accountant Examiners.**

25 The name of the State Board of Accountancy is hereby changed to State Board of Certified
26 Public Accountant Examiners and said name State Board of Certified Public Accountant
27 Examiners is hereby substituted for the name State Board of Accountancy wherever the latter
28 name appears or is used in Chapter 93 of the General Statutes. Said Board is created as an agency
29 of the State of North Carolina and shall consist of seven members to be appointed by the
30 Governor, five persons to be holders of valid and unrevoked certificates as certified public
31 accountants issued under the provisions of this Chapter and two persons who are not certified
32 public accountants who shall represent the interest of the public at large. Members of the Board
33 shall hold office for the term of three years and until their successors are appointed. Appointments
34 to the Board shall be made under the provisions of this Chapter as and when the terms of the
35 members of the present State Board of Accountancy expire; provided, that all future
36 appointments to said Board shall be made for a term of three years expiring on the thirtieth day
37 of June. All Board members serving on June 30, 1980, shall be eligible to complete their
38 respective terms. No member appointed to a term on or after July 1, 1980, shall serve more than
39 two complete consecutive terms. The powers and duties of the Board shall be as follows:

40 ...

41 (8b) To formulate rules for the continuing professional education of all persons
42 holding the certificate of certified public accountant, subject to the following
43 provisions:

44 a. After January 1, 1983, any person desiring to obtain or renew a
45 certificate as a certified public accountant must offer evidence
46 satisfactory to the Board that the person has complied with the
47 continuing professional education requirement approved by the Board.
48 The Board may grant a conditional license for not more than 12
49 months for persons who are being licensed for the first time, or moving
50 into North Carolina, or for other good cause, in order that the person
51 may comply with the continuing professional education requirement.

b. ~~The Board shall adopt rules for the administration of the continuing professional education requirement with a minimum number of hours of 20 and a maximum number of hours of 40 per year, and the~~ The Board shall determine which of the following continuing professional education requirement options shall apply:

1. Option 1: Annual requirement. – The Board shall adopt rules for the administration of the continuing professional education requirement with a minimum number of hours of 10 and a maximum number of hours of 20 per year; or
2. Option 2: Biennial requirement. – The Board shall adopt rules for the administration of the continuing professional education requirement with a minimum number of hours of 20 and a maximum number of hours of 40 per two-year period.

The Board shall notify certificate holders of the selected continuing professional education option no less than 90 days before the start of the applicable continuing professional education cycle. The Board may exempt persons who are retired or inactive from the continuing professional education requirement. ~~The~~ Under either option, the Board may also permit any certified public accountant to accumulate hours of continuing professional education in any calendar year of as much as two additional years annual requirement in advance of or subsequent to the required calendar year period.

c. Any applicant who offers satisfactory evidence on forms promulgated by the Board that the applicant has participated in a continuing professional education program of the type required by the Board shall be deemed to have complied with this subdivision.

...."

SECTION 2.10.(b) Rulemaking. – The North Carolina State Board of Certified Public Accountant Examiners shall adopt rules to implement the provisions of this section.

SECTION 2.11.(a) North Carolina State Board of Examiners of Electrical Contractors. – G.S. 87-44.1 reads as rewritten:

"§ 87-44.1. Continuing education courses required.

Beginning July 1, 1991, the Board may require as prerequisite to the annual renewal of a license that every listed qualified individual complete continuing education courses in subjects relating to electrical contracting to assure the safe and proper installation of electrical work and equipment in order to protect the life, health, and property of the public. The listed qualified individual shall complete, during the 12 ~~months~~ or 24 months, at the Board's choice, immediately preceding license renewal, a specific number of hours of continuing education courses approved by the Board prior to enrollment. The Board shall notify licensees of the selected continuing education option no less than 90 days before the start of the applicable continuing education cycle. The Board shall not require more than ~~40~~ five hours of continuing education courses per ~~12 months~~ 12-month period, or more than 10 hours per 24-month period if the Board chooses a biennial requirement, and such continuing education courses shall include those taught at a community college as approved by the Board. The listed qualified individual may accumulate and carry forward not more than ~~two additional years of the annual~~ fifty percent (50%) of the required continuing education requirement hours, not to exceed two and one-half hours for an annual cycle or five hours for a biennial cycle, to the next applicable cycle. Attendance at any course or courses of continuing education shall be certified to the Board on a form provided by the Board and shall be submitted at the time the licensee makes application to the Board for its license renewal and payment of its license renewal fee. This continuing education requirement

1 may be waived by the Board in cases of certified illness or undue hardship as provided for in the
2 Rules of the Board."

3 **SECTION 2.11.(b)** Rulemaking. – The North Carolina State Board of Examiners of
4 Electrical Contractors shall adopt rules to implement the provisions of this section.

5 **SECTION 2.12.(a)** North Carolina Well Contractors Certification Commission. –
6 G.S. 87-98.12(a) reads as rewritten:

7 "(a) In order to be certified under this Article, a well contractor shall satisfactorily
8 complete ~~two hours~~ one hour of approved continuing education each year for the first three years
9 of the contractor's ~~certification~~ certification, or alternatively, at the Commission's choice, shall
10 complete a total of three hours of approved continuing education over the first six years of the
11 contractor's certification. The Commission shall notify contractors of the selected continuing
12 education option no less than 90 days before the start of the applicable continuing education cycle
13 and shall not require a well contractor properly certified in accordance with the provisions of this
14 Article and rules adopted under this Article to obtain continuing education credits for annual
15 renewal of certification after the contractor's third or sixth year of certification, depending on
16 which continuing education option the Board selects, except as provided in subsection (b) of this
17 section. The Commission shall specify the scope of required continuing education courses for
18 this purpose and shall approve continuing education courses."

19 **SECTION 2.12.(b)** Rulemaking. – The North Carolina Well Contractors
20 Certification Commission shall adopt rules to implement the provisions of this section.

21 **SECTION 2.13.(a)** North Carolina Code Officials Qualification Board. –
22 G.S. 143-151.13A reads as rewritten:

23 **"§ 143-151.13A. Professional development program for officials.**

24 (a) As used in this section, "official" means a qualified Code-enforcement official as that
25 term is defined in G.S. 143-151.8.

26 (b) The Board may establish professional development requirements for officials as a
27 condition of the renewal or reactivation of their certificates. The purposes of these professional
28 development requirements are to assist officials in maintaining professional competence in their
29 enforcement of the Code and to assure the health, safety, and welfare of the citizens of North
30 Carolina. An official subject to this section shall present evidence to the Board at each certificate
31 renewal after initial certification, that ~~during the 12 months~~ the official has completed the
32 required number of credit hours in courses approved by the Board during the applicable period
33 before the certificate expiration date, the official has completed the required number of credit
34 hours in courses approved by the Board. Annual continuing ~~Continuing education hour~~
35 requirements shall be determined by the Board but shall not be more than six ~~three~~ credit hours.
36 hours per year, or alternatively, at the Board's choice, the Board may require up to six credit
37 hours to be completed over a two-year period. The Board shall notify officials of the selected
38 continuing education option no less than 90 days before the start of the applicable continuing
39 education cycle.

40 (c) The Board may require an individual who earns a certificate under programs
41 established in G.S. 143-151.13 to complete professional development courses, not to exceed ~~six~~
42 three hours in each technical area of certification, within one year after that individual is first
43 employed by a city or county inspection department.

44 (d) As a condition of reactivating a standard or limited certificate, the Board may require
45 the completion of professional development courses within one year after reemployment as an
46 official as follows:

- 47 (1) An individual who has been on inactive status for more than two years and
48 who has not been continuously employed by a city or county inspection
49 department during the period of inactive status shall complete professional
50 development courses not to exceed ~~six~~ three hours for each technical area in
51 which the individual is certified.

(2) An individual who has been on inactive status for more than two years and who has been continuously employed by a city or county inspection department during the period of inactive status shall complete professional development courses not to exceed ~~three~~ one and one-half hours for each technical area in which the individual is certified.

(3) An individual who has been on inactive status for two years or less shall complete professional development courses not to exceed ~~two hours~~ one hour for each technical area in which the individual is certified.

...."

SECTION 2.13.(b) Rulemaking. – The North Carolina Code Officials Qualification Board shall adopt rules to implement the provisions of this section.

SECTION 2.14.(a) North Carolina Home Inspector Licensure Board. – G.S. 143-151.64 reads as rewritten:

"§ 143-151.64. Continuing education requirements.

(a) Requirements. – The Board may establish programs of continuing education for licensees under this Article. A licensee subject to a program under this section shall present evidence to the Board upon the license renewal following initial licensure, and every renewal thereafter, that during the ~~12 months~~ applicable period preceding the annual license expiration date the licensee has completed the required number of classroom hours of instruction in courses approved by the Board. ~~Annual continuing~~ Continuing education hour requirements shall be determined by the Board, but shall not be less than ~~12~~ six credit hours and no more than ~~20 hours~~ 10 credit hours annually, or alternatively, at the Board's choice, shall not be less than 12 credit hours and no more than 20 credit hours over a two-year period. The Board shall notify licensees of the selected continuing education option no less than 90 days before the start of the applicable continuing education cycle. No member of the Board shall provide or sponsor a continuing education course under this section while that person is serving on the Board.

...."

SECTION 2.14.(b) Rulemaking. – The North Carolina Home Inspector Licensure Board shall adopt rules to implement the provisions of this section.

SECTION 2.15.(a) North Carolina Manufactured Housing Board. – G.S. 143-143.11B reads as rewritten:

"§ 143-143.11B. Continuing education.

(a) The Board may establish programs and requirements of continuing education for licensees, but shall not require licensees to complete more than ~~eight~~ four credit hours of continuing education ~~annually, or alternatively, at the Board's choice, shall not require licensees to complete more than eight credit hours of continuing education over a two-year period. The Board shall notify licensees of the selected continuing education option no less than 90 days before the start of the applicable continuing education cycle.~~ Before the renewal of a license, a licensee shall present evidence to the Board that the licensee has completed the required number of continuing education hours in courses approved by the Board during the ~~two months~~ applicable period immediately preceding the expiration of the licensee's license. No member of the Board shall provide or sponsor a continuing education course under this section while that person is serving on the Board.

...

(c) The Board may adopt any reasonable rules not inconsistent with this Part to give purpose and effect to the continuing education requirement, including rules that govern:

(1) The content and subject matter of continuing education courses.

(2) The criteria, standards, and procedures for the approval of courses, course sponsors, and course instructors.

(3) The methods of instruction.

(4) The computation of course credit.

- 1 (5) The ability to carry forward course credit from ~~one year to another~~ between
2 continuing education cycles.
3 (6) The waiver of or variance from the continuing education requirement for
4 hardship or other reasons.
5 (7) The procedures for compliance and sanctions for noncompliance.
6"

7 **SECTION 2.15.(b)** Rulemaking. – The North Carolina Manufactured Housing
8 Board shall adopt rules to implement the provisions of this section.

9 **SECTION 2.16.(a)** The North Carolina Interpreter and Transliterator Licensing
10 Board. – G.S. 90D-8 reads as rewritten:

11 "**§ 90D-8. Provisional license.**

12 (a) Upon application to the Board and the payment of the required fees, an applicant may
13 be issued a one-time provisional license as an interpreter or transliterator if the applicant meets
14 all of the following qualifications:

- 15 (1) Is at least 18 years of age.
16 (2) Is of good moral character as determined by the Board.
17 (3) Completes ~~two one~~ continuing education ~~units-unit~~ approved by the ~~Board~~.
18 ~~These units must be completed Board~~ for each renewable ~~year-year~~, or
19 alternatively, at the Board's choice, completes two continuing education units
20 over a two-year period. The Board shall notify applicants of the selected
21 continuing education option no less than 90 days before the start of the
22 applicable continuing education cycle.
23 (4) Holds at least a two-year associate degree in interpreting from an accredited
24 institution and satisfies one of the following:
25 a. Holds a quality assurance North Carolina Interpreter Classification
26 System (NCICS) level C classification.
27 b. Holds a valid National Association of the Deaf (NAD) level 2 or 3
28 certification.
29 c. Holds a current Educational Interpreter Performance Assessment
30 (EIPA) level 3.5 or above classification.
31 d. Repealed by Session Laws 2005-299, s. 2, effective August 22, 2005.
32 e. Repealed by Session Laws 2023-137, s. 45(b), effective October 10,
33 2023.
34 f. Holds any other certificate or assessment issued by a nationally
35 recognized body approved by the Board by rule."

36 **SECTION 2.16.(b)** The North Carolina Interpreter and Transliterator Licensing
37 Board shall adopt rules to implement the provisions of this section.
38

39 **PART III. CARRYOVER OF EARNED HOURS**

40 **SECTION 3.1.(a)** Carryover of Continuing Education Hours. – Notwithstanding any
41 provision of law to the contrary, each occupational licensing board subject to this act may adopt
42 or amend its rules to allow licensees to carry over continuing education or professional
43 development hours from one compliance window to the next, provided all of the following
44 conditions are met:

- 45 (1) Preservation of the fifty percent (50%) reduction. – Whether a board has
46 shortened the total hours per renewal cycle or extended the continuing
47 education or professional development hour compliance window (e.g., from
48 12 months to 24 months), any carryover policies shall not undermine the intent
49 of this act to reduce the effective continuing education and professional
50 development hour burden by fifty percent (50%) on an annualized basis.

(2) No double counting. – Any hours used to satisfy a licensee's continuing education or professional development hour requirement for one compliance window or renewal cycle may not fully satisfy the requirement for a subsequent compliance window or renewal cycle, unless the board's rules clearly define allowable partial carryover or additional hours earned in excess of the requirement.

(3) Uniform application. – Any hours earned prior to the effective date of this act that are carried forward to a future compliance window shall be treated uniformly for all licensees similarly situated. The board may set a maximum limit on the number of hours carried over, how long those hours remain valid, or whether partial hours (e.g., half-hour increments) are permissible.

SECTION 3.1.(b) Annual Renewal vs. Continuing Education Compliance Window.

– Nothing in this section requires a board to alter its statutory or regulatory license renewal period. A board may maintain its current renewal cycle, whether it is annual or already longer than one year, while granting licensees a compliance window sufficient to achieve a fifty percent (50%) annualized reduction in the existing CE/PDH requirement mandated by this act.

PART IV. EFFECTIVE DATE

SECTION 4.1. This act becomes effective October 1, 2025, and applies to applications for and renewals of licensure, certification, and permits on or after that date.

Occupational/Professional Licensing Relief.
2025-2026 Session

VIEW BILL DIGEST	
VIEW AVAILABLE BILL SUMMARIES	
EDITION	FISCAL NOTE
Filed	
Edition 1	

Last Action:	Re-ref to Regulatory Reform. If fav, re-ref to Rules and Operations of the Senate on 4/7/2025
Sponsors:	Moffitt; Jarvis; McInnis (Primary)
Attributes:	Public
Counties:	No counties specifically cited
Statutes:	143, 74D, 85B, 86B, 87, 88B, 89B, 89D, 89G, 90D, 93 (Chapters); 143-143.11B, 143-151.13A, 143-151.64, 74D-5, 85B-4, 86B-58, 87-10.2, 87-44.1, 87-98.12, 88B-21, 89B-11, 89D-20, 89G-9, 90D-8, 93-12, 93A-38.5 (Sections)
Keywords:	ACCOUNTANTS; ADMINISTRATIVE CODE; ADMINISTRATIVE RULES; AGRICULTURE; AGRICULTURE DEPT.; ALARM SYSTEMS; ALARM SYSTEMS LICENSING BOARD; APPRAISAL BOARD; APPRAISALS; ATHLETIC TRAINER EXAMINERS BOARD; AUCTIONEERS COMN.; AUCTIONS; BARBERS & COSMETOLOGISTS; BOARDS; BUILDING CODES; CODE OFFICIALS BOARD; COMMISSIONS; CONSTRUCTION; CPA EXAMINERS BOARD; DEREGULATION; EDUCATION; ELECTRICAL CONTRACTORS BOARD; EMPLOYMENT; ENGINEERS & ENGINEERING; ENGINEERS & SURVEYORS BOARD; ENVIRONMENT; ENVIRONMENTAL HEALTH; FORESTRY; GENERAL CONTRACTORS BOARD; GEOLOGISTS BOARD; GEOLOGY; HOME INSPECTOR BOARD; HOUSING; INSPECTIONS; LANDSCAPE ARCHITECTS BOARD; LANDSCAPING; LANGUAGES; LICENSING & CERTIFICATION; LOCKSMITH LICENSING BOARD; LOCKSMITHS; MANUFACTURED HOUSING BOARD; OCCUPATIONS; PESTICIDES & HERBICIDES; PROFESSIONAL EDUCATION; PUBLIC; PUBLIC HEALTH; REAL ESTATE; REAL ESTATE COMN.; SOIL SCIENTISTS LICENSING BD.; SOILS; SPORTS; SURVEYORS & SURVEYING; WATER & SEWER SYSTEMS; WELL CONTRACTORS COMN.; LANDSCAPE CONTRACTORS BOARD; BARBER EXAMINERS BOARD; INTERPRETER LICENSING BOARD; MANUFACTURED HOMES; INTERPRETERS & TRANSLITERATORS; SOIL SCIENTISTS; IRRIGATION CONTRACTORS BOARD; PESTICIDE BOARD; WELLS; ATHLETIC TRAINERS; ENVIRONMENTAL HEALTH EXAMINERS BOARD; FORESTERS BOARD

HISTORY		Date
	Date: 4/7/2025 Chamber: Senate Action: Re-ref to Regulatory Reform. If fav, re-ref to Rules and Operations of the Senate Votes: None Documents: None	
	Date: 4/7/2025 Chamber: Senate Action: Withdrawn From Com Votes: None Documents: None	
	Date: 3/25/2025 Chamber: Senate Action: Ref To Com On Rules and Operations of the Senate Votes: None Documents: None	
	Date: 3/25/2025 Chamber: Senate Action: Passed 1st Reading Votes: None Documents: None	
	Date: 3/24/2025 Chamber: Senate Action: Filed Votes: None Documents: DRAFT: DRS45243-NN-28B	

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Bill Summaries: H763 (2025-2026 Session)

◦ Bill H 763 (2025-2026)

Summary date: *Apr 7 2025* - [View summary](#)

Enacts GS 93B-15.3, directing the occupational licensing board or a State agency licensing board except those overseeing chiropractors, dentists, optometrists, physicians, podiatrists, veterinarians and attorney licensure, to issue a license, certification, or registration to any applicant who establishes residence in this State and satisfies nine listed conditions, including that the applicant is currently licensed, certified, or registered in Georgia, South Carolina, Tennessee, Virginia, or West Virginia in the discipline applied for in this State at the same or substantially equivalent practice level, as determined by the occupational licensing board or State agency licensing board. Requires the relevant State board to suspend an application process if a disciplinary proceeding is pending in another state until it's resolved. Requires the relevant State board to publish its requirements for licensure, as specified, on its website. Clarifies GS 93B-15.3 effect on other agreements and alternate pathways to licensure. Provides that the scope of the license, certification, or registration authorizes practicing in the State with the same rights and privileges as an individual whose home state is North Carolina. Requires each occupational board and State agency licensing board subject to GS 93B-15.3 to submit an annual report to the Secretary of State, the Attorney General, and the specified NCGA committee on the three specified matters by October 31, beginning on October 31, 2026. Effective October 1, 2025, and applies to applications for licensure, certification, or registration received on or after that date.

Business and Commerce, Occupational Licensing

GS 93B

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H

1

HOUSE BILL 763

Short Title: Neighbor State License Recognition Act. (Public)

Sponsors: Representatives Zenger, Tyson, Moss, and Pless (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Rules, Calendar, and Operations of the House

April 7, 2025

A BILL TO BE ENTITLED
AN ACT TO PROVIDE FOR OCCUPATIONAL LICENSURE RECOGNITION FOR
INDIVIDUALS LICENSED IN CERTAIN NEIGHBORING STATES WHO ESTABLISH
RESIDENCE IN THIS STATE.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 93B of the General Statutes is amended by adding a new section to read:

"§ 93B-15.3. Licensure recognition for individuals licensed in neighboring states.

(a) Applicability. – This section applies to all occupational licensing boards and State agency licensing boards except as provided in this subsection. This section shall not apply to:

(1) Licensure related to the diagnosis or treatment of human or animal ailments, conditions, or diseases by:

a. Chiropractors under Article 8 of Chapter 90 of the General Statutes.

b. Dentists under Article 2 of Chapter 90 of the General Statutes.

c. Optometrists under Article 6 of Chapter 90 of the General Statutes.

d. Physicians under Article 1 of Chapter 90 of the General Statutes.

e. Podiatrists under Article 12A of Chapter 90 of the General Statutes.

f. Veterinarians under Article 11 of Chapter 90 of the General Statutes.

(2) Admission to the practice of law or licensure as an attorney under Chapter 84 of the General Statutes.

(b) Licensure Recognition. – Notwithstanding any other provision of law, an occupational licensing board or a State agency licensing board subject to this section shall issue a license, certification, or registration to any applicant who establishes residence in this State and satisfies all of the following conditions:

(1) The applicant is currently licensed, certified, or registered in Georgia, South Carolina, Tennessee, Virginia, or West Virginia in the discipline applied for in this State at the same or substantially equivalent practice level, as determined by the occupational licensing board or State agency licensing board.

(2) The applicant has been licensed, certified, or registered in one or more of the states listed in subdivision (1) of this subsection for at least one year.

(3) The applicant has passed an examination required for the license, certification, or registration in the jurisdiction in which the applicant holds a current license, certification, or registration, if an examination was required.



- (4) The applicant is in good standing in all jurisdictions within the United States in which the applicant holds or has ever held a license, certification, or registration in the profession for which the applicant is seeking licensure, certification, or registration in this State.
- (5) The applicant has not voluntarily surrendered a license, certification, or registration or had a license, certification, or registration revoked in any jurisdiction within the United States as a result of unprofessional conduct related to the profession for which the applicant is seeking licensure, certification, or registration in this State.
- (6) The applicant demonstrates competency in the profession through methods determined by the board, which may include having met the minimum education, clinical supervision, or work experience requirements in effect in the originating state at the time the applicant obtained the license, certification, or registration from that state.
- (7) The applicant does not have any active or pending disciplinary actions from an occupational licensing board or agency in another jurisdiction within the United States, and, if applicable, the occupational licensing board or State agency licensing board has completed verification under subsection (c) of this section.
- (8) The applicant does not have a disqualifying criminal history record, as determined by the occupational licensing board or State agency licensing board under G.S. 93B-8.1 and related provisions of law.
- (9) The applicant has paid all applicable fees, including fees for application processing, license issuance, verification of credentials, and background checks.

(c) Prior Disciplinary Actions. – If the applicant has any prior resolved disciplinary actions from an occupational licensing board or State agency licensing board at the time of application, the occupational licensing board or State agency licensing board to which the applicant is applying shall determine and verify that the disciplinary action is resolved and, if applicable, corrective action has been taken. If a disciplinary action is pending in another jurisdiction, an occupational licensing board or State agency licensing board shall suspend the application process for any license, certificate, or registration under this section until the disciplinary action has been resolved.

(d) Required Information. – Each occupational licensing board or State agency licensing board shall publish a document that lists the specific criteria or requirements for licensure, certification, or registration by the board under this section and any necessary documentation needed for satisfying the requirements. The information required by this subsection shall be published on the occupational licensing board's or State agency licensing board's website.

(e) Effect on Other Agreements. – Nothing in this section shall be construed to prevent any occupational licensing board or State agency licensing board in this State from entering into a reciprocity agreement with another jurisdiction or to invalidate any existing reciprocity agreement between any occupational licensing board or agency in this State and another jurisdiction.

(f) Scope of License. – Any license, certification, or registration granted by an occupational licensing board or State agency licensing board to any applicant under this section shall be valid only in this State and does not extend validity to other jurisdictions, including through an interstate compact, unless otherwise provided by law or interstate agreement.

(g) Rights and Obligations. – Any individual who is licensed, certified, or registered under this section shall be entitled to the same rights and subject to the same obligations as required of an individual who was licensed, certified, or registered by an occupational licensing board or State agency licensing board in this State under any other provision of law.

1 (h) Alternative Pathway. – Nothing in this section shall be construed to prohibit an
2 individual from proceeding under the existing licensure, certification, or registration
3 requirements established by an occupational licensing board or State agency licensing board in
4 this State."

5 **SECTION 2.** Report. – Beginning on October 31, 2026, each occupational licensing
6 board and State agency licensing board subject to G.S. 93B-15.3, as enacted by this act, shall
7 include all of the following data for the previous fiscal year in the annual report to the Secretary
8 of State, the Attorney General, and the Joint Legislative Administrative Procedure Oversight
9 Committee, as required by G.S. 93B-2:

- 10 (1) The number of individuals who applied for licensure, certification, or
11 registration in accordance with G.S. 93B-15.3.
12 (2) The number of individuals who received licensure, certification, or
13 registration in accordance with G.S. 93B-15.3.
14 (3) The number of individuals who were denied licensure, certification, or
15 registration in accordance with G.S. 93B-15.3, including the reasons for
16 denial.

17 **SECTION 3.** Effective Date. – This act becomes effective October 1, 2025, and
18 applies to applications for licensure, certification, or registration received on or after that date.

Neighbor State License Recognition Act.
2025-2026 Session

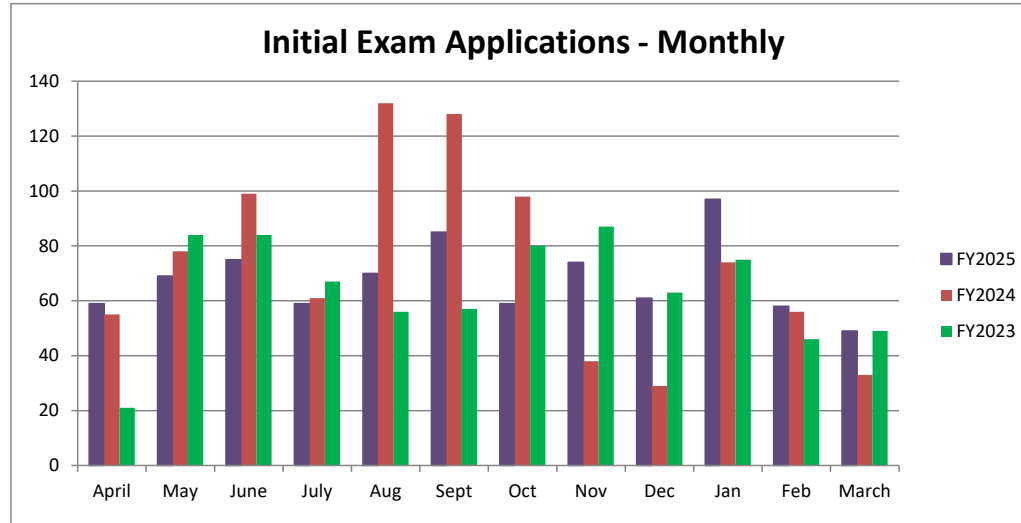
VIEW BILL DIGEST	
VIEW AVAILABLE BILL SUMMARIES	
EDITION	FISCAL NOTE
Filed	
Edition 1	

	Last Action:	Re-ref to the Com on Commerce and Economic Development, if favorable, Rules, Calendar, and Operations of the House on 4/10/2025
	Sponsors:	Zenger; Tyson; Moss; Pless (Primary) Greene; Iler; Willingham
	Attributes:	Public
	Counties:	No counties specifically cited
	Statutes:	93B (Chapters); 93B-15.3, 93B-2 (Sections)
	Keywords:	BOARDS; CHIROPRACTIC EXAMINERS BOARD; CHIROPRACTORS; DENTAL BOARD; DENTISTS & DENTISTRY; EMPLOYMENT; HEALTH SERVICES; INTERSTATE COOPERATION; LICENSING & CERTIFICATION; MEDICAL BOARD; OCCUPATIONS; OPTICIANS & OPTOMETRISTS; PHYSICIANS; PUBLIC; REPORTING; VETERINARIANS; VETERINARY BOARD; VETERINARY MEDICINE; OPTICIANS BOARD; PODIATRY BOARD; RESIDENCY

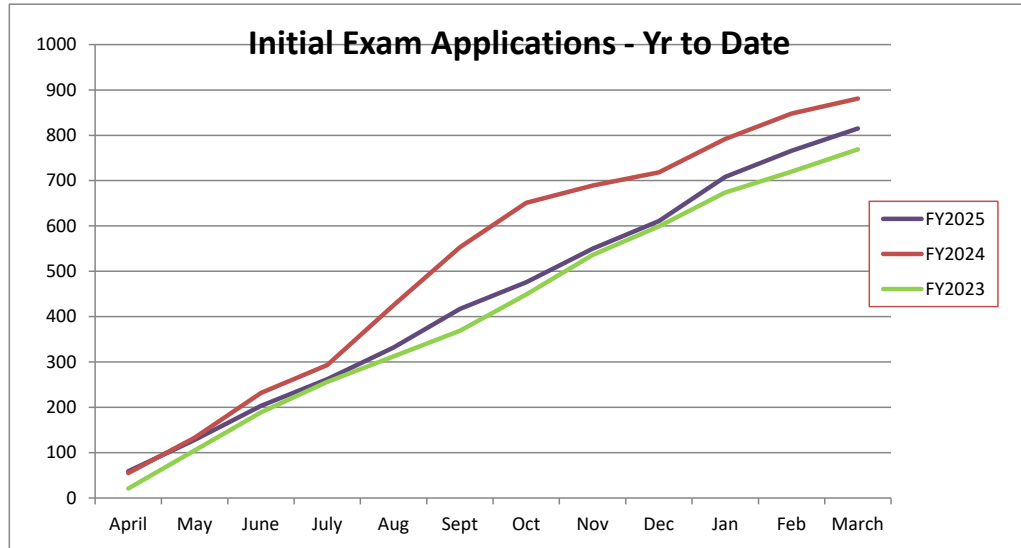
HISTORY		Date
	Date: 4/10/2025	
	Chamber: House	
	Action: Re-ref to the Com on Commerce and Economic Development, if favorable, Rules, Calendar, and Operations of the House	
	Votes: None	
	Documents: None	
	Date: 4/10/2025	
	Chamber: House	
	Action: Withdrawn From Com	
	Votes: None	
	Documents: None	
	Date: 4/7/2025	
	Chamber: House	
	Action: Ref To Com On Rules, Calendar, and Operations of the House	
	Votes: None	
	Documents: None	
	Date: 4/7/2025	
	Chamber: House	
	Action: Passed 1st Reading	
	Votes: None	
	Documents: None	
	Date: 4/2/2025	
	Chamber: House	
	Action: Filed	
	Votes: None	
	Documents: DRAFT: DRH40423-NN-52	

**NC State Board of CPA Examiners
Monthly and Year-to-Date Operational Metrics**

Exam Applications					
IntEx	2025	2024	2023	2022	2021
Mth	#	#	#	#	#
April	59	55	21	52	14
May	69	78	84	55	59
June	75	99	84	56	87
July	59	61	67	58	71
Aug	70	132	56	37	18
Sept	85	128	57	37	56
Oct	59	98	80	68	85
Nov	74	38	87	90	78
Dec	61	29	63	67	61
Jan	97	74	75	81	66
Feb	58	56	46	54	66
March	49	33	49	56	46
Avg	68	73	64	59	59

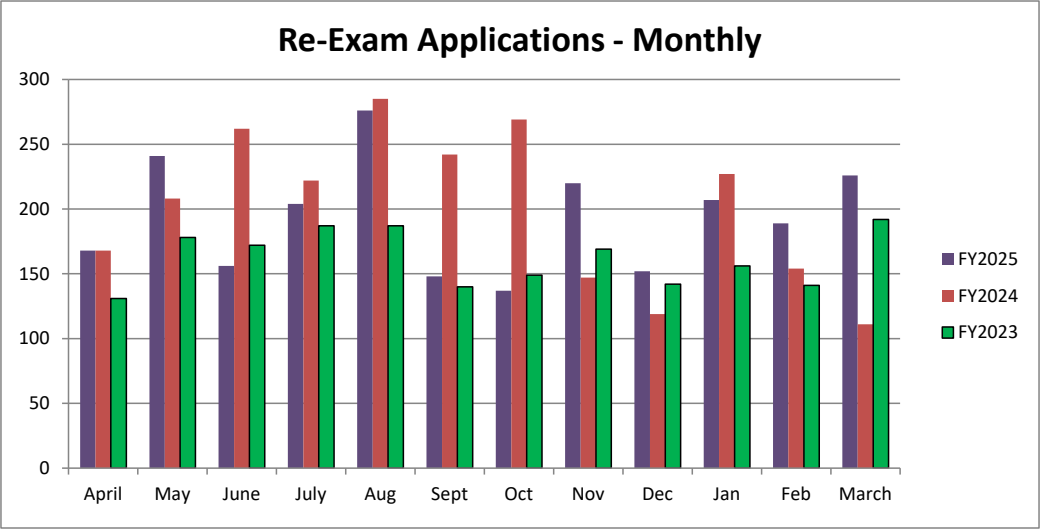


Exam Applications					
IntEx	2025	2024	2023	2022	2021
Mth	Sum	Sum	Sum	Sum	Sum
April	59	55	21	52	14
May	128	133	105	107	73
June	203	232	189	163	160
July	262	293	256	221	231
Aug	332	425	312	258	249
Sept	417	553	369	295	305
Oct	476	651	449	363	390
Nov	550	689	536	453	468
Dec	611	718	599	520	529
Jan	708	792	674	601	595
Feb	766	848	720	655	661
March	815	881	769	711	707

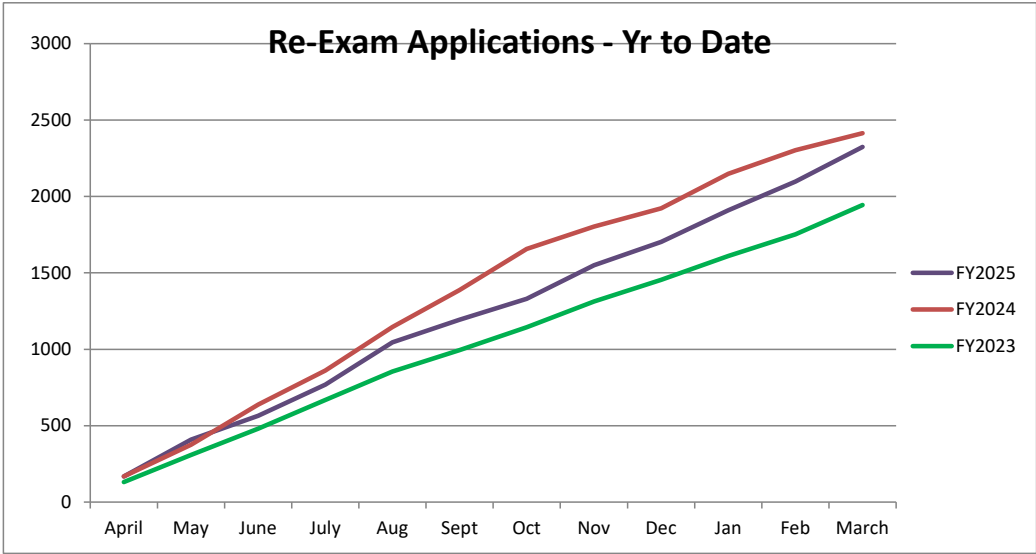


NC State Board of CPA Examiners
Monthly and Year-to-Date Operational Metrics

Exam Applications					
Re-Ex	2025	2024	2023	2022	2021
Mth	#	#	#	#	#
April	168	168	131	164	84
May	241	208	178	186	174
June	156	262	172	182	176
July	204	222	187	177	150
Aug	276	285	187	168	79
Sept	148	242	140	111	215
Oct	137	269	149	139	155
Nov	220	147	169	152	145
Dec	152	119	142	110	146
Jan	207	227	156	134	150
Feb	189	154	141	110	142
March	226	111	192	141	147
Avg	194	201	162	148	147



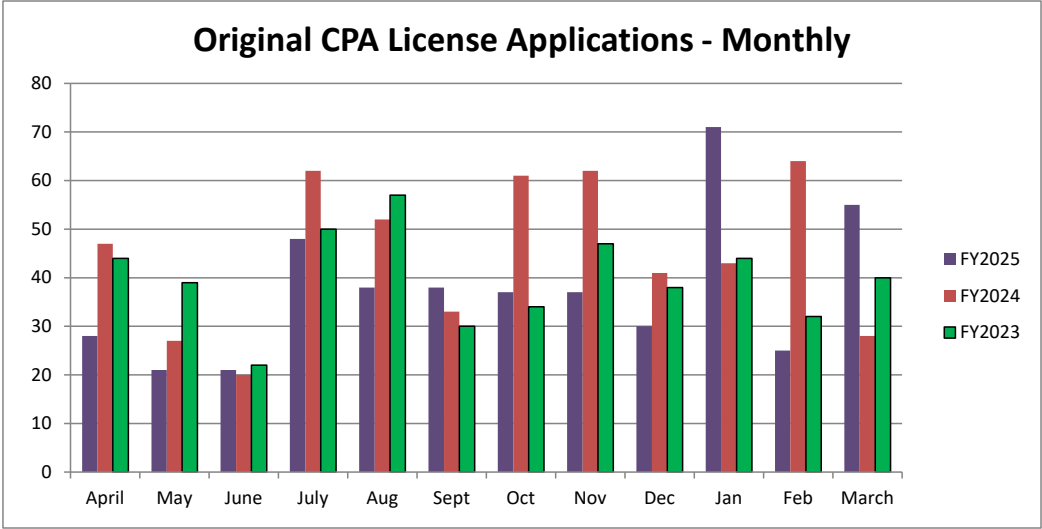
Exam Applications					
Re-Ex	2025	2024	2023	2022	2021
Mth	Sum	Sum	Sum	Sum	Sum
April	168	168	131	164	84
May	409	376	309	350	258
June	565	638	481	532	434
July	769	860	668	709	584
Aug	1045	1145	855	877	663
Sept	1193	1387	995	988	878
Oct	1330	1656	1144	1127	1033
Nov	1550	1803	1313	1279	1178
Dec	1702	1922	1455	1389	1324
Jan	1909	2149	1611	1523	1474
Feb	2098	2303	1752	1633	1616
March	2324	2414	1944	1774	1763



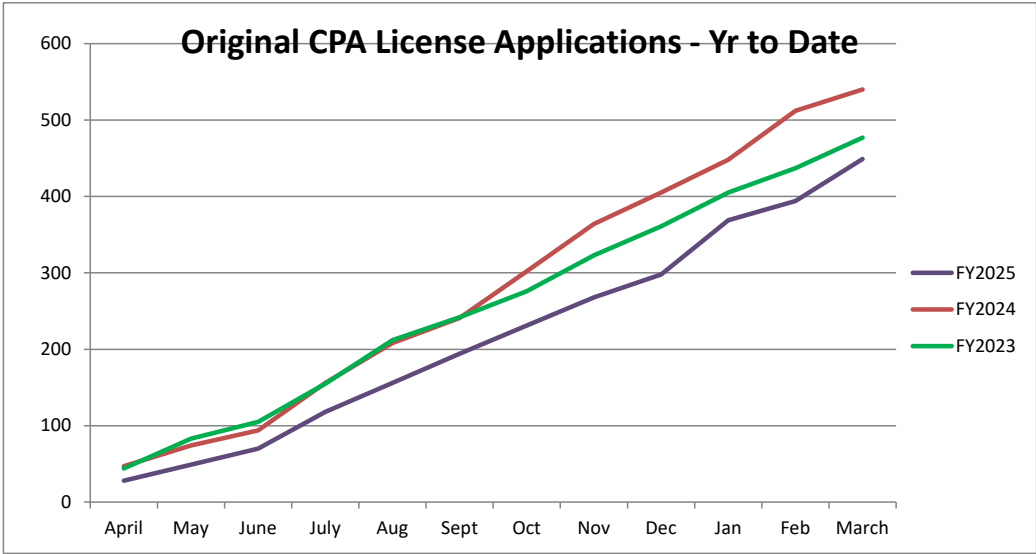
NC State Board of CPA Examiners
Monthly and Year-to-Date Operational Metrics

License Applications					
OrgL	2025	2024	2023	2022	2021
Mth	#	#	#	#	#
April	28	47	44	41	14
May	21	27	39	50	0
June	21	20	22	0	0
July	48	62	50	75	48
Aug	38	52	57	31	32
Sept	38	33	30	42	43
Oct	37	61	34	46	47
Nov	37	62	47	48	56
Dec	30	41	38	32	46
Jan	71	43	44	60	72
Feb	25	64	32	47	78
March	55	28	40	30	31

Avg	37	45	40	42	39
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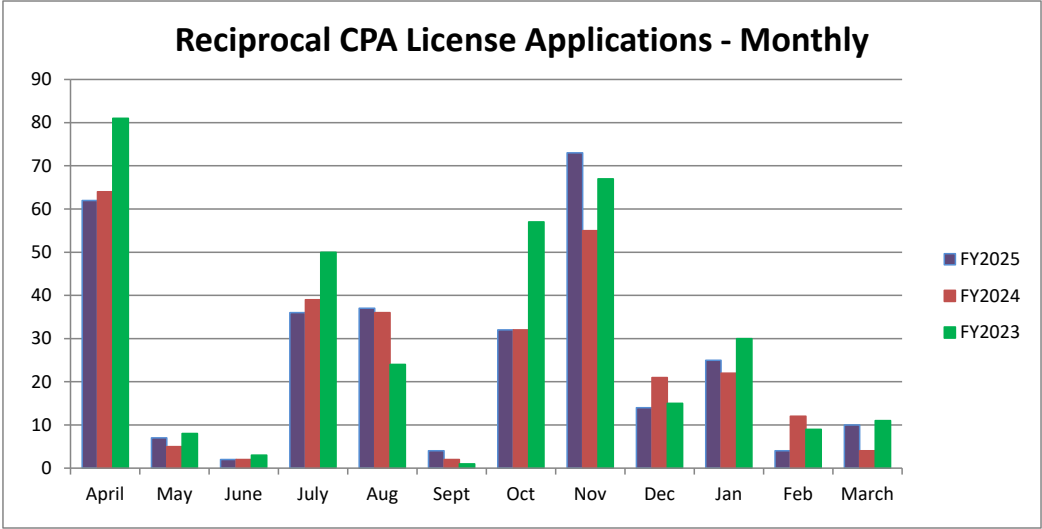


License Applications					
OrgL	2025	2024	2023	2022	2021
Mth	Sum	Sum	Sum	Sum	Sum
April	28	47	44	41	14
May	49	74	83	91	14
June	70	94	105	91	14
July	118	156	155	166	62
Aug	156	208	212	197	94
Sept	194	241	242	239	137
Oct	231	302	276	285	184
Nov	268	364	323	333	240
Dec	298	405	361	365	286
Jan	369	448	405	425	358
Feb	394	512	437	472	436
March	449	540	477	502	467

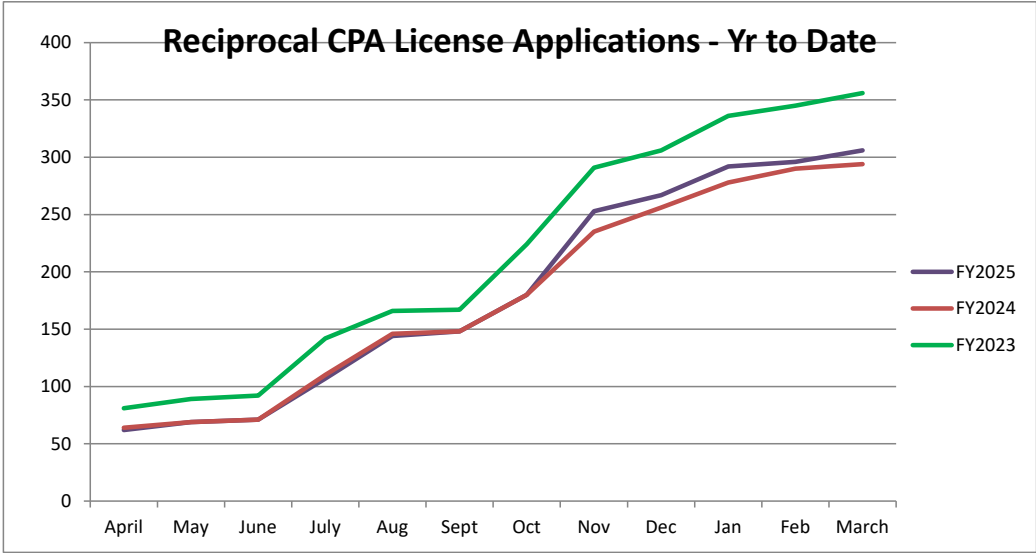


NC State Board of CPA Examiners
Monthly and Year-to-Date Operational Metrics

License Applications					
Recp	2025	2024	2023	2022	2021
Mth	#	#	#	#	#
April	62	64	81	55	57
May	7	5	8	7	7
June	2	2	3	1	0
July	36	39	50	39	31
Aug	37	36	24	37	27
Sept	4	2	1	2	3
Oct	32	32	57	47	44
Nov	73	55	67	74	61
Dec	14	21	15	27	10
Jan	25	22	30	33	22
Feb	4	12	9	11	4
March	10	4	11	7	0
Avg	26	25	30	28	22

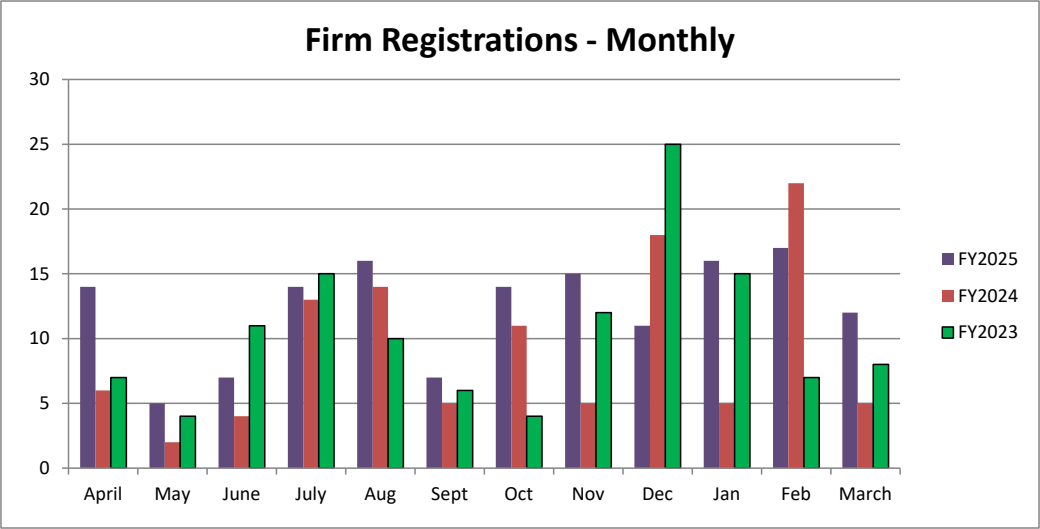


License Applications					
Recp	2025	2024	2023	2022	2021
Mth	Sum	Sum	Sum	Sum	Sum
April	62	64	81	55	57
May	69	69	89	62	64
June	71	71	92	63	64
July	107	110	142	102	95
Aug	144	146	166	139	122
Sept	148	148	167	141	125
Oct	180	180	224	188	169
Nov	253	235	291	262	230
Dec	267	256	306	289	240
Jan	292	278	336	322	262
Feb	296	290	345	333	266
March	306	294	356	340	266

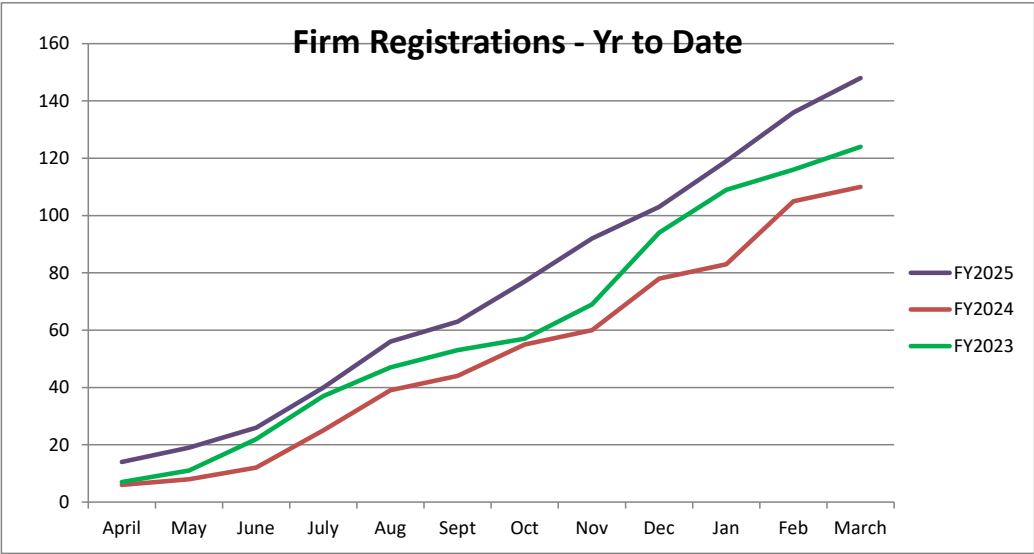


NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

Firm Registration					
Firm	2025	2024	2023	2022	2021
Mth	#	#	#	#	#
April	14	6	7	7	3
May	5	2	4	4	12
June	7	4	11	11	10
July	14	13	15	15	10
Aug	16	14	10	10	14
Sept	7	5	6	6	11
Oct	14	11	4	4	7
Nov	15	5	12	12	6
Dec	11	18	25	25	9
Jan	16	5	15	15	20
Feb	17	22	7	7	8
March	12	5	8	8	16
Avg	12	9	10	10	11



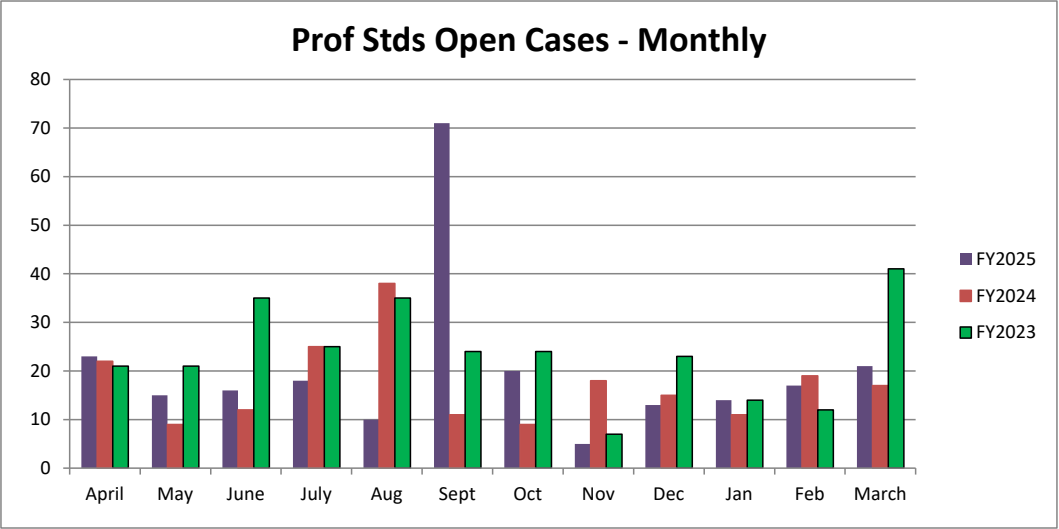
Firm Registration					
Firm	2025	2024	2023	2022	2021
Mth	Sum	Sum	Sum	Sum	Sum
April	14	6	7	7	3
May	19	8	11	11	15
June	26	12	22	22	25
July	40	25	37	37	35
Aug	56	39	47	47	49
Sept	63	44	53	53	60
Oct	77	55	57	57	67
Nov	92	60	69	69	73
Dec	103	78	94	94	82
Jan	119	83	109	109	102
Feb	136	105	116	116	110
March	148	110	124	124	126



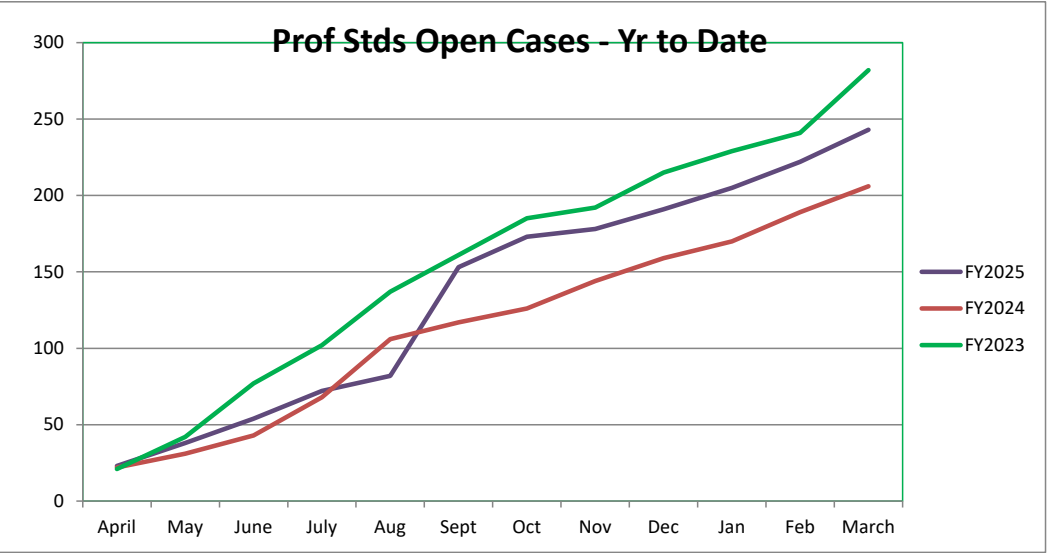
NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

Prf Stds Cases					
Open	2025	2024	2023	2022	2021
Mth	#	#	#	#	#
April	23	22	21	9	7
May	15	9	21	8	9
June	16	12	35	37	12
July	18	25	25	18	30
Aug	10	38	35	18	27
Sept	71	11	24	13	13
Oct	20	9	24	19	17
Nov	5	18	7	21	10
Dec	13	15	23	11	13
Jan	14	11	14	31	21
Feb	17	19	12	33	12
March	21	17	41	38	29

Avg	20	17	24	21	17
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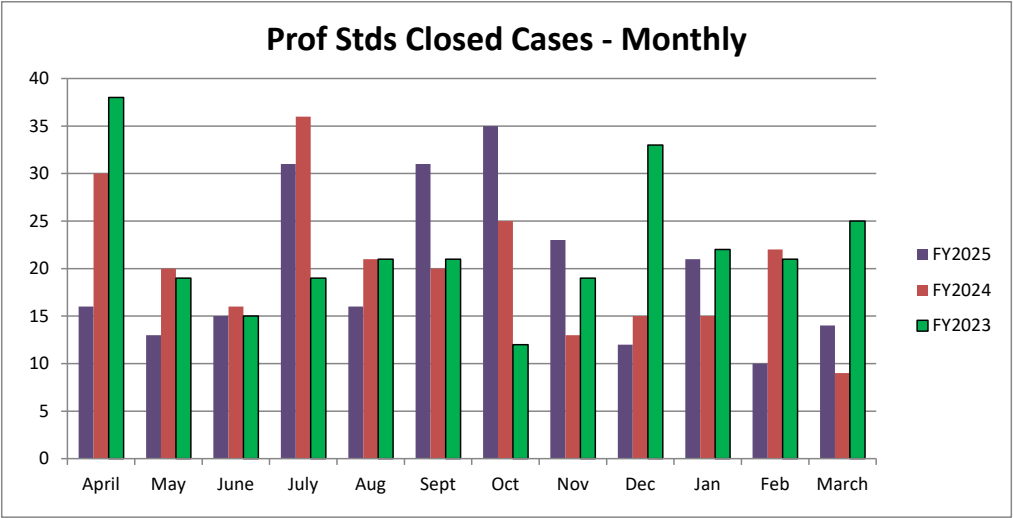
Prf Stds Cases					
Open	2025	2024	2023	2022	2021
Mth	Sum	Sum	Sum	Sum	Sum
April	23	22	21	9	7
May	38	31	42	17	16
June	54	43	77	54	28
July	72	68	102	72	58
Aug	82	106	137	90	85
Sept	153	117	161	103	98
Oct	173	126	185	122	115
Nov	178	144	192	143	125
Dec	191	159	215	154	138
Jan	205	170	229	185	159
Feb	222	189	241	218	171
March	243	206	282	256	200



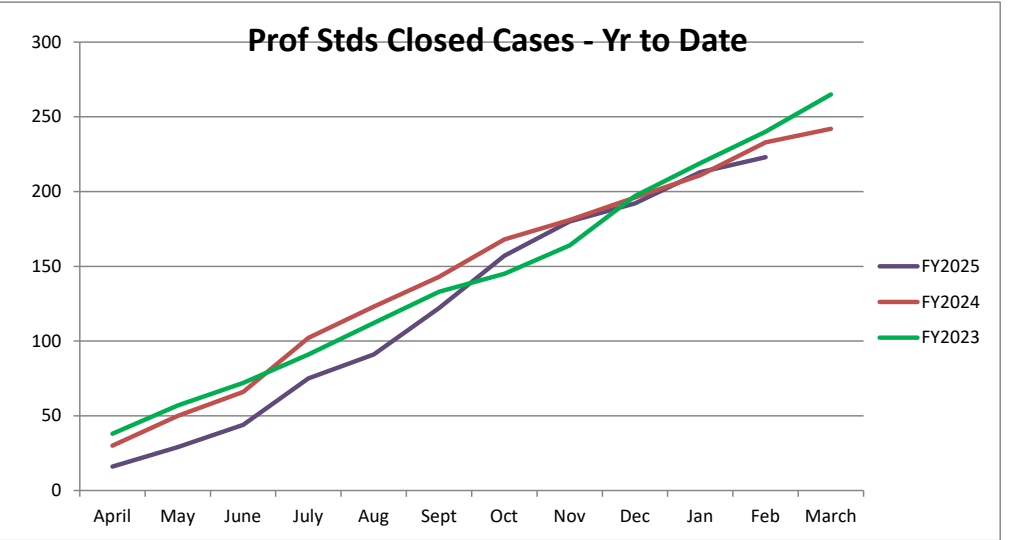
NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

Prf Stds Cases					
Closed	2025	2024	2023	2022	2021
Mth	#	#	#	#	#
April	16	30	38	23	17
May	13	20	19	4	23
June	15	16	15	17	23
July	31	36	19	21	23
Aug	16	21	21	18	16
Sept	31	20	21	35	17
Oct	35	25	12	17	12
Nov	23	13	19	14	24
Dec	12	15	33	9	12
Jan	21	15	22	18	19
Feb	10	22	21	29	27
March	14	9	25	23	17

Avg	20	20	22	19	19
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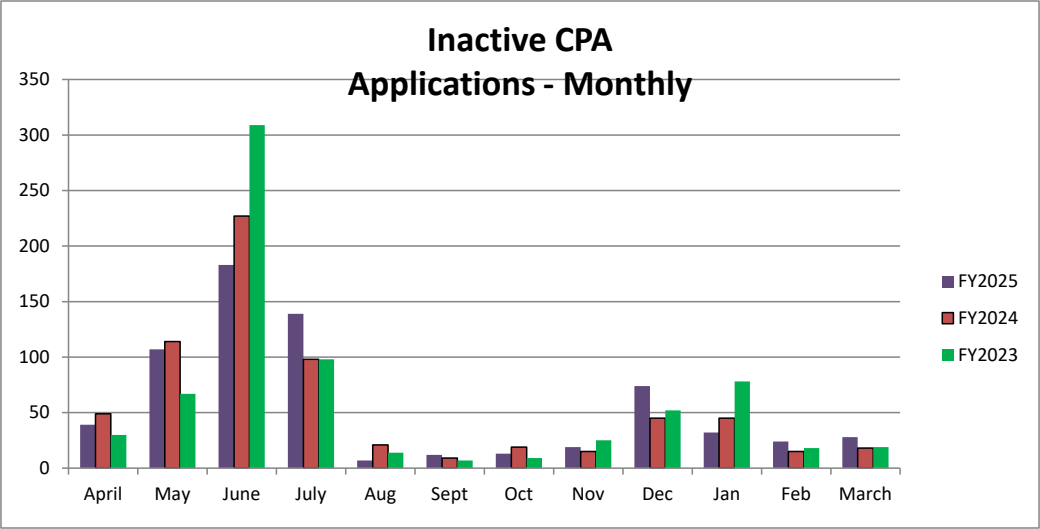


Prf Stds Cases					
Closed	2025	2024	2023	2022	2021
Mth	Sum	Sum	Sum	Sum	Sum
April	16	30	38	23	17
May	29	50	57	27	40
June	44	66	72	44	63
July	75	102	91	65	86
Aug	91	123	112	83	102
Sept	122	143	133	118	119
Oct	157	168	145	135	131
Nov	180	181	164	149	155
Dec	192	196	197	158	167
Jan	213	211	219	176	186
Feb	223	233	240	205	213
March	237	242	265	228	230

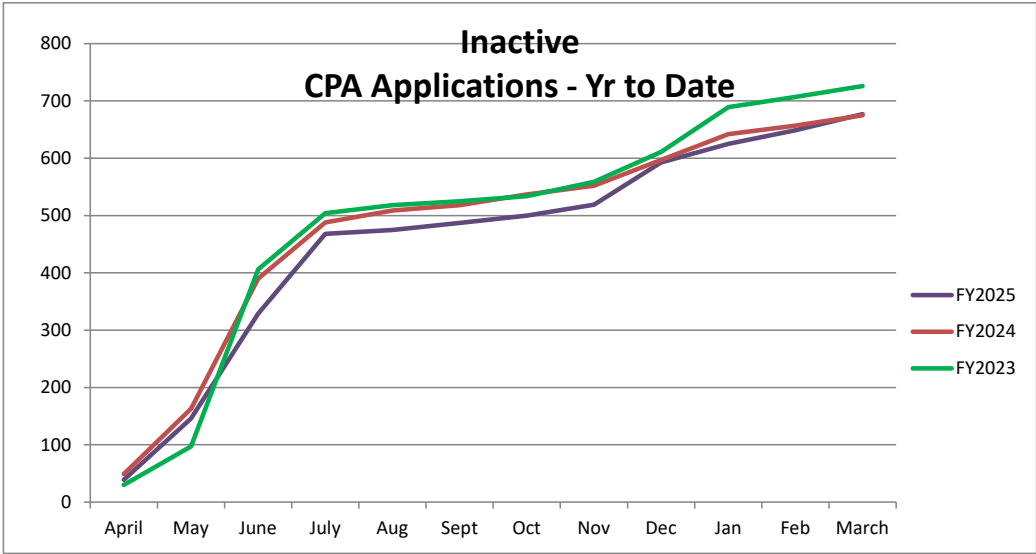


NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

Inactive Applications					
InAct	2025	2024	2023	2022	2021
Mth	#	#	#	#	#
April	39	49	30	23	17
May	107	114	67	54	88
June	183	227	309	281	234
July	139	98	98	105	116
Aug	7	21	14	18	7
Sept	12	9	7	10	6
Oct	13	19	9	21	13
Nov	19	15	25	29	21
Dec	74	45	52	59	55
Jan	32	45	78	69	53
Feb	24	15	18	19	9
March	28	18	19	32	21
Avg	56	56	61	60	53

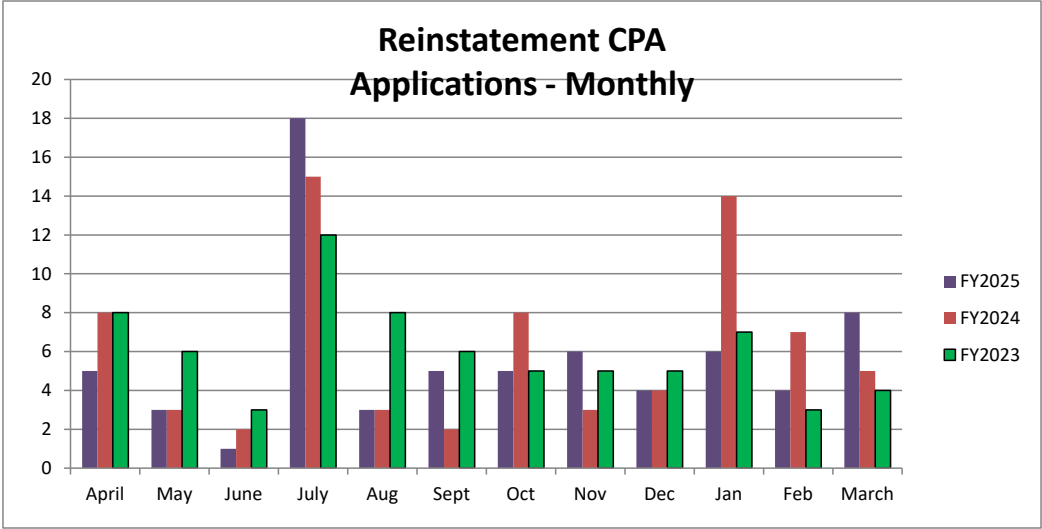


Inactive Applications					
InAct	2025	2024	2023	2022	2021
Mth	Sum	Sum	Sum	Sum	Sum
April	39	49	30	23	17
May	146	163	97	77	105
June	329	390	406	358	339
July	468	488	504	463	455
Aug	475	509	518	481	462
Sept	487	518	525	491	468
Oct	500	537	534	512	481
Nov	519	552	559	541	502
Dec	593	597	611	600	557
Jan	625	642	689	669	610
Feb	649	657	707	688	619
March	677	675	726	720	640

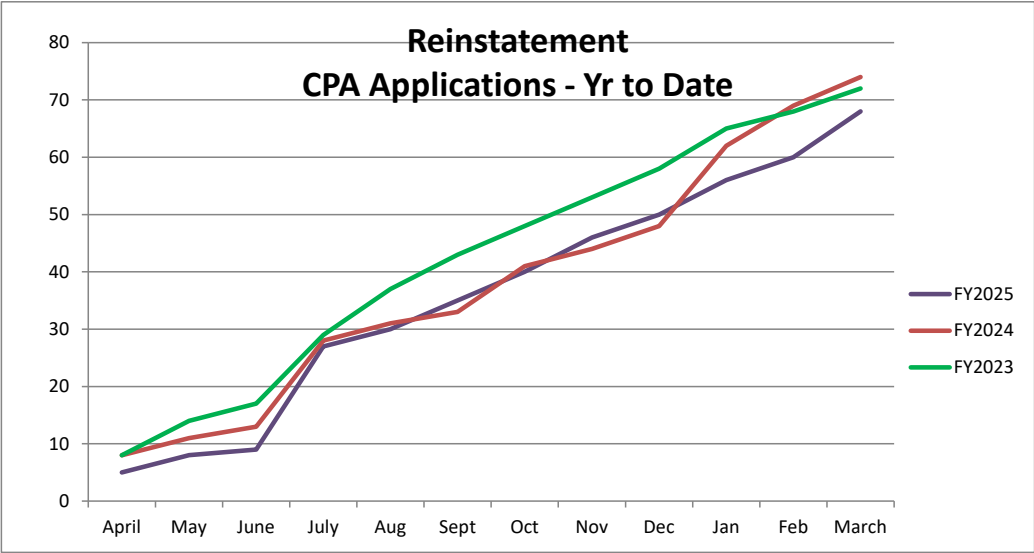


NC State Board of CPA Examiners
Monthly and Year-to-Date Operational Metrics

Reinstatement Applications					
Re-Inst	2025	2024	2023	2022	2021
Mth	#	#	#	#	#
April	5	8	8	6	1
May	3	3	6	1	4
June	1	2	3	0	4
July	18	15	12	13	11
Aug	3	3	8	2	5
Sept	5	2	6	4	5
Oct	5	8	5	7	4
Nov	6	3	5	6	6
Dec	4	4	5	7	5
Jan	6	14	7	6	7
Feb	4	7	3	6	14
March	8	5	4	5	6
Avg	6	6	6	5	6

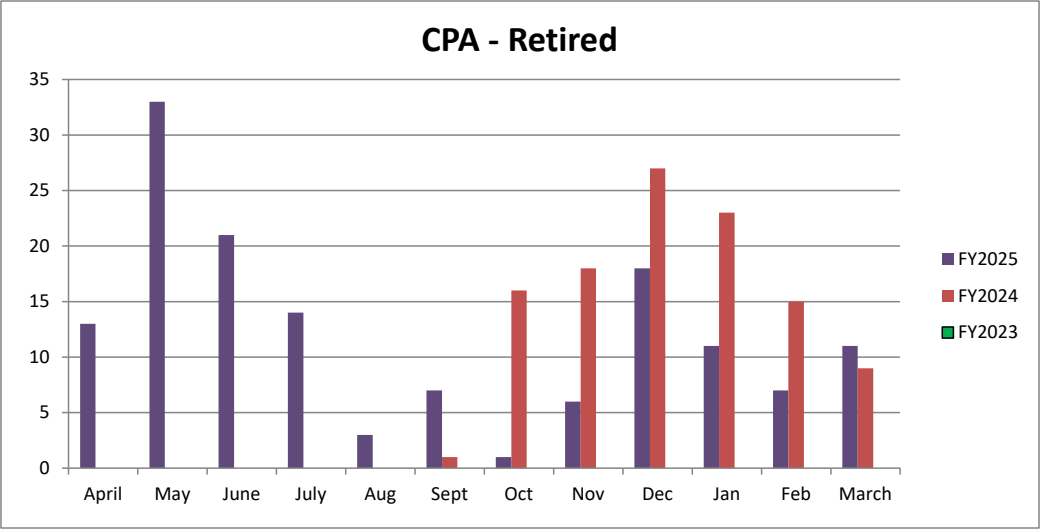


Reinstatement Applications					
Re-Inst	2025	2024	2023	2022	2021
Mth	Sum	Sum	Sum	Sum	Sum
April	5	8	8	6	1
May	8	11	14	7	5
June	9	13	17	7	9
July	27	28	29	20	20
Aug	30	31	37	22	25
Sept	35	33	43	26	30
Oct	40	41	48	33	34
Nov	46	44	53	39	40
Dec	50	48	58	46	45
Jan	56	62	65	52	52
Feb	60	69	68	58	66
March	68	74	72	63	72



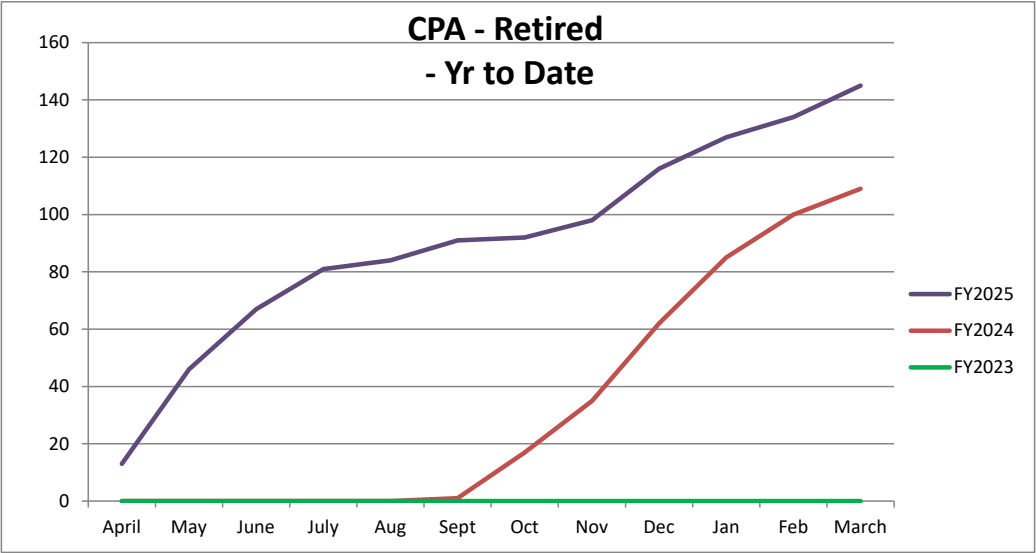
NC State Board of CPA Examiners
Monthly and Year-to-Date Operational Metrics

CPA-Retired					
Count	2025	2024	2023	2022	2021
Mth	#	#	#	#	#
April	13	0	0	0	0
May	33	0	0	0	0
June	21	0	0	0	0
July	14	0	0	0	0
Aug	3	0	0	0	0
Sept	7	1	0	0	0
Oct	1	16	0	0	0
Nov	6	18	0	0	0
Dec	18	27	0	0	0
Jan	11	23	0	0	0
Feb	7	15	0	0	0
March	11	9	0	0	0
Avg	12	16	0	0	0



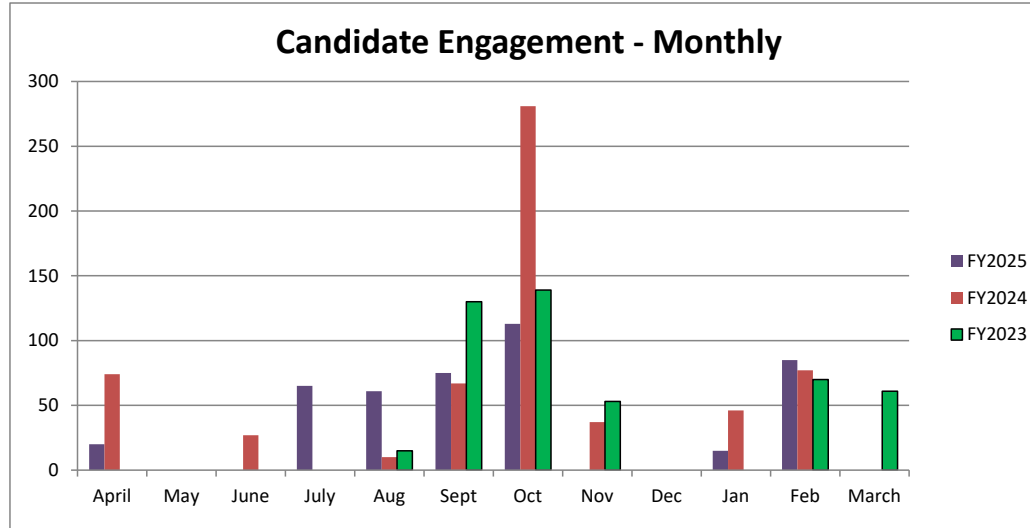
Began Sept 2023

CPA Retired					
Count	2025	2024	2023	2022	2021
Mth	Sum	Sum	Sum	Sum	Sum
April	13	0	0	0	0
May	46	0	0	0	0
June	67	0	0	0	0
July	81	0	0	0	0
Aug	84	0	0	0	0
Sept	91	1	0	0	0
Oct	92	17	0	0	0
Nov	98	35	0	0	0
Dec	116	62	0	0	0
Jan	127	85	0	0	0
Feb	134	100	0	0	0
March	145	109	0	0	0



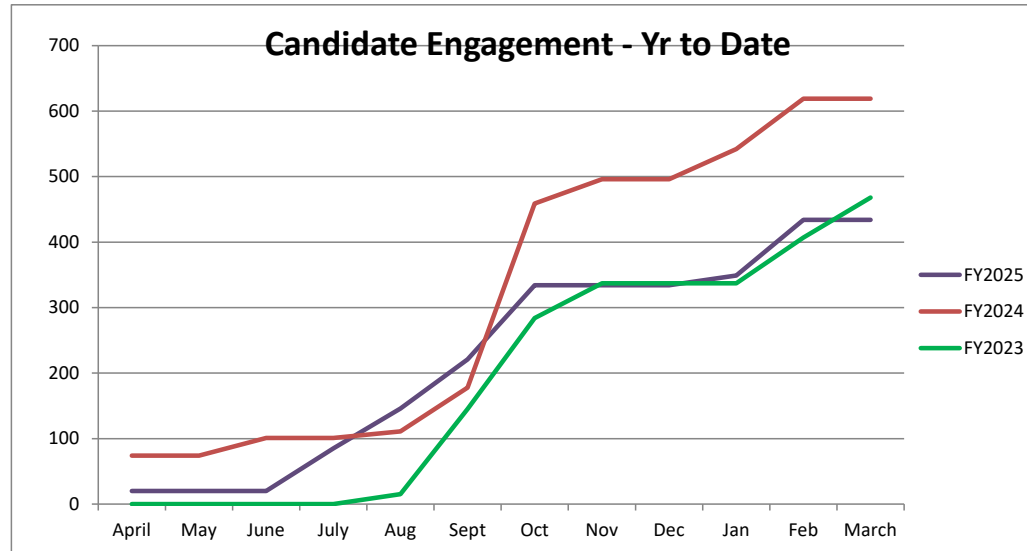
NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

Candidate Engagement*					
Count	2025	2024	2023	2022	2021
Mth	#	#	#	#	#
April	20	74	0	0	0
May	0	0	0	0	0
June	0	27	0	0	0
July	65	0	0	0	0
Aug	61	10	15	0	0
Sept	75	67	130	0	0
Oct	113	281	139	0	0
Nov	0	37	53	0	0
Dec	0	0	0	0	0
Jan	15	46	0	0	0
Feb	85	77	70	0	0
March	0	0	61	0	0
Avg	36	52	59	0	0



* Candidate Presentations as scheduled in concert with needs of various campuses, not including instructors and staff
Started tracking 8/22

Candidate Engagement					
Count	2025	2024	2023	2022	2021
Mth	Sum	Sum	Sum	Sum	Sum
April	20	74	0	0	0
May	20	74	0	0	0
June	20	101	0	0	0
July	85	101	0	0	0
Aug	146	111	15	0	0
Sept	221	178	145	0	0
Oct	334	459	284	0	0
Nov	334	496	337	0	0
Dec	334	496	337	0	0
Jan	349	542	337	0	0
Feb	434	619	407	0	0
March	434	619	468	0	0

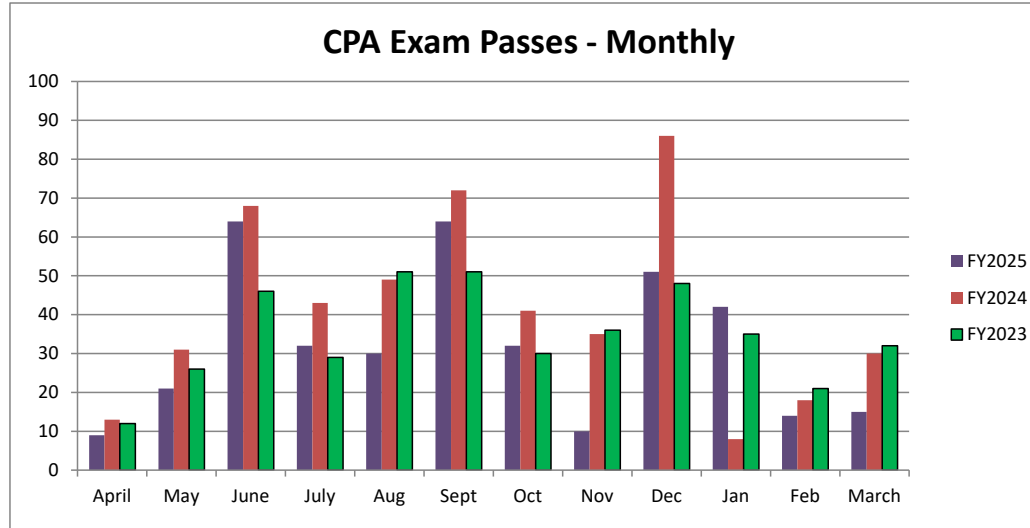


NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

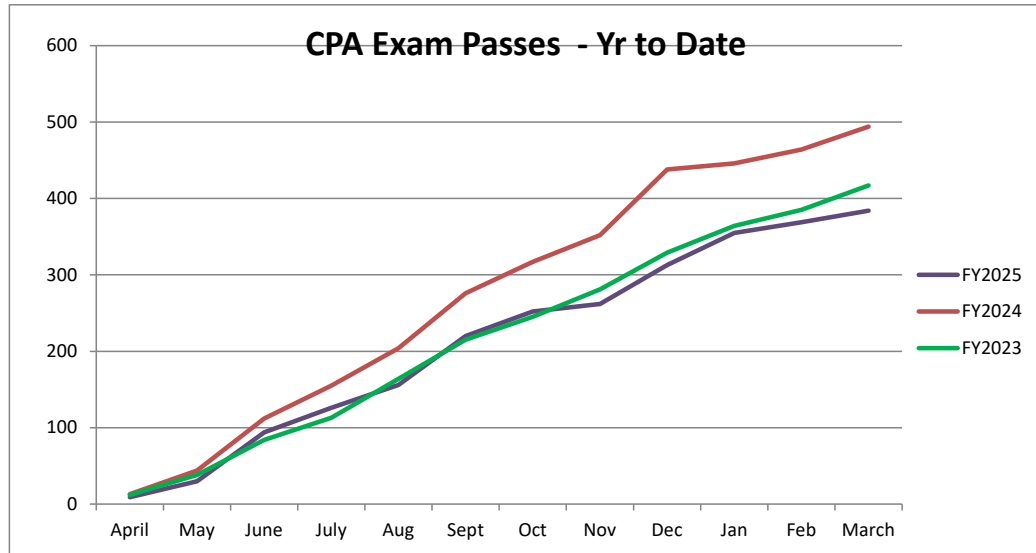
Exam Passes					
Count	2025	2024	2023	2022	2021
Mth	#	#	#	#	#
April	9	13	12	15	0
May	21	31	26	32	40
June	64	68	46	48	35
July	32	43	29	49	43
Aug	30	49	51	35	58
Sept	64	72	51	55	71
Oct	32	41	30	32	40
Nov	10	35	36	39	53
Dec	51	86	48	52	89
Jan	42	8	35	19	29
Feb	14	18	21	19	18
March	15	30	32	25	32
Avg	32	41	52	35	42

* Pandemic closures April 2020

Exam Passes					
Count	2025	2024	2023	2022	2021
Mth	Sum	Sum	Sum	Sum	Sum
April	9	13	12	15	0
May	30	44	38	47	40
June	94	112	84	95	75
July	126	155	113	144	118
Aug	156	204	164	179	176
Sept	220	276	215	234	247
Oct	252	317	245	266	287
Nov	262	352	281	305	340
Dec	313	438	329	357	429
Jan	355	446	364	376	458
Feb	369	464	385	395	476
March	384	494	417	420	508



These results run approximately 2 months in arrears due to timing of score releases



Exam Applications			Certificate Applications			CPA Firm Registrations		Professional Stds Cases					Inactive		Reinstatement		CPA - Retired		Candidate Eng		Exam Passes	
Month	Initial	Re-Exam	Month	Original	Reciprocal	Month	Total	Month	Begin Bal	Open	Closed	End Bal	Month	Total	Month	Total	Month	Total	Month	Total	Month	Total
Jan-15	107	130	Jan-15	96	51	Jan-15	18	Jan-15	202	66	54	214	Jan-15	47	Jan-15	13	Jan-15	0	Jan-15	0	Jan-15	0
Feb-15	62	110	Feb-15	64	16	Feb-15	20	Feb-15	214	22	40	196	Feb-15	13	Feb-15	11	Feb-15	0	Feb-15	0	Feb-15	0
Mar-15	82	227	Mar-15	48	4	Mar-15	12	Mar-15	196	40	38	198	Mar-15	18	Mar-15	5	Mar-15	0	Mar-15	0	Mar-15	0
Apr-15	97	180	Apr-15	48	61	Apr-15	18	Apr-15	198	7	38	167	Apr-15	29	Apr-15	12	Apr-15	0	Apr-15	0	Apr-15	0
May-15	78	151	May-15	40	11	May-15	11	May-15	167	26	18	175	May-15	73	May-15	5	May-15	0	May-15	0	May-15	0
Jun-15	77	312	Jun-15	0	4	Jun-15	17	Jun-15	175	6	21	160	Jun-15	126	Jun-15	0	Jun-15	0	Jun-15	0	Jun-15	0
Jul-15	66	178	Jul-15	60	54	Jul-15	13	Jul-15	160	10	32	138	Jul-15	90	Jul-15	9	Jul-15	0	Jul-15	0	Jul-15	0
Aug-15	52	155	Aug-15	100	21	Aug-15	11	Aug-15	138	31	27	142	Aug-15	6	Aug-15	15	Aug-15	0	Aug-15	0	Aug-15	0
Sep-15	51	296	Sep-15	44	5	Sep-15	25	Sep-15	142	27	33	136	Sep-15	7	Sep-15	3	Sep-15	0	Sep-15	0	Sep-15	0
Oct-15	64	154	Oct-15	74	70	Oct-15	13	Oct-15	136	53	32	157	Oct-15	21	Oct-15	8	Oct-15	0	Oct-15	0	Oct-15	0
Nov-15	62	151	Nov-15	45	27	Nov-15	14	Nov-15	157	26	25	158	Nov-15	25	Nov-15	10	Nov-15	0	Nov-15	0	Nov-15	0
Dec-15	139	276	Dec-15	0	2	Dec-15	22	Dec-15	158	9	24	143	Dec-15	35	Dec-15	5	Dec-15	0	Dec-15	0	Dec-15	0
Jan-16	121	139	Jan-16	133	36	Jan-16	28	Jan-16	143	12	17	138	Jan-16	42	Jan-16	22	Jan-16	0	Jan-16	0	Jan-16	0
Feb-16	101	141	Feb-16	68	12	Feb-16	16	Feb-16	138	17	21	134	Feb-16	17	Feb-16	9	Feb-16	0	Feb-16	0	Feb-16	0
Mar-16	92	305	Mar-16	43	3	Mar-16	17	Mar-16	134	34	19	149	Mar-16	19	Mar-16	9	Mar-16	0	Mar-16	0	Mar-16	0
Apr-16	97	191	Apr-16	60	69	Apr-16	3	Apr-16	149	27	31	145	Apr-16	38	Apr-16	12	Apr-16	0	Apr-16	0	Apr-16	0
May-16	85	203	May-16	42	18	May-16	14	May-16	145	16	23	138	May-16	63	May-16	12	May-16	0	May-16	0	May-16	0
Jun-16	110	266	Jun-16	0	2	Jun-16	8	Jun-16	138	33	20	151	Jun-16	150	Jun-16	0	Jun-16	0	Jun-16	0	Jun-16	0
Jul-16	74	204	Jul-16	96	53	Jul-16	6	Jul-16	151	17	42	126	Jul-16	60	Jul-16	17	Jul-16	0	Jul-16	0	Jul-16	0
Aug-16	85	237	Aug-16	36	8	Aug-16	14	Aug-16	126	68	27	167	Aug-16	14	Aug-16	6	Aug-16	0	Aug-16	0	Aug-16	0
Sep-16	83	297	Sep-16	42	4	Sep-16	8	Sep-16	167	65	27	205	Sep-16	6	Sep-16	6	Sep-16	0	Sep-16	0	Sep-16	0
Oct-16	60	177	Oct-16	56	82	Oct-16	9	Oct-16	205	53	53	205	Oct-16	12	Oct-16	16	Oct-16	0	Oct-16	0	Oct-16	0
Nov-16	104	183	Nov-16	72	32	Nov-16	14	Nov-16	205	22	72	155	Nov-16	27	Nov-16	8	Nov-16	0	Nov-16	0	Nov-16	0
Dec-16	115	276	Dec-16	0	4	Dec-16	30	Dec-16	155	7	26	136	Dec-16	59	Dec-16	4	Dec-16	0	Dec-16	0	Dec-16	0
Jan-17	129	189	Jan-17	108	34	Jan-17	24	Jan-17	136	35	49	122	Jan-17	34	Jan-17	11	Jan-17	0	Jan-17	0	Jan-17	0
Feb-17	58	130	Feb-17	66	17	Feb-17	18	Feb-17	122	17	30	109	Feb-17	16	Feb-17	5	Feb-17	0	Feb-17	0	Feb-17	0
Mar-17	67	276	Mar-17	70	12	Mar-17	19	Mar-17	109	16	22	103	Mar-17	24	Mar-17	13	Mar-17	0	Mar-17	0	Mar-17	0
Apr-17	55	178	Apr-17	32	68	Apr-17	7	Apr-17	103	30	25	108	Apr-17	50	Apr-17	5	Apr-17	0	Apr-17	0	Apr-17	0
May-17	58	182	May-17	51	9	May-17	12	May-17	108	24	16	116	May-17	89	May-17	11	May-17	0	May-17	0	May-17	0
Jun-17	57	159	Jun-17	0	1	Jun-17	16	Jun-17	116	5	18	103	Jun-17	169	Jun-17	0	Jun-17	0	Jun-17	0	Jun-17	0
Jul-17	38	146	Jul-17	68	58	Jul-17	19	Jul-17	103	36	16	123	Jul-17	90	Jul-17	18	Jul-17	0	Jul-17	0	Jul-17	0
Aug-17	50	187	Aug-17	39	4	Aug-17	22	Aug-17	123	65	29	159	Aug-17	6	Aug-17	11	Aug-17	0	Aug-17	0	Aug-17	0
Sep-17	59	267	Sep-17	42	2	Sep-17	14	Sep-17	159	29	42	146	Sep-17	10	Sep-17	10	Sep-17	0	Sep-17	0	Sep-17	0
Oct-17	47	196	Oct-17	62	93	Oct-17	23	Oct-17	146	24	17	153	Oct-17	24	Oct-17	4	Oct-17	0	Oct-17	0	Oct-17	0
Nov-17	79	126	Nov-17	46	25	Nov-17	15	Nov-17	153	7	18	142	Nov-17	26	Nov-17	2	Nov-17	0	Nov-17	0	Nov-17	0
Dec-17	79	154	Dec-17	0	24	Dec-17	15	Dec-17	142	6	23	125	Dec-17	40	Dec-17	10	Dec-17	0	Dec-17	0	Dec-17	0
Jan-18	131	178	Jan-18	117	12	Jan-18	30	Jan-18	125	18	15	128	Jan-18	47	Jan-18	4	Jan-18	0	Jan-18	0	Jan-18	0
Feb-18	39	107	Feb-18	73	20	Feb-18	18	Feb-18	128	16	11	133	Feb-18	14	Feb-18	14	Feb-18	0	Feb-18	0	Feb-18	0
Mar-18	66	236	Mar-18	36	5	Mar-18	10	Mar-18	133	14	14	133	Mar-18	8	Mar-18	6	Mar-18	0	Mar-18	0	Mar-18	0
Apr-18	70	211	Apr-18	32	52	Apr-18	12	Apr-18	133	27	16	144	Apr-18	50	Apr-18	7	Apr-18	0	Apr-18	0	Apr-18	0
May-18	77	136	May-18	61	13	May-18	13	May-18	144	95	44	195	May-18	73	May-18	7	May-18	0	May-18	0	May-18	0
Jun-18	61	149	Jun-18	0	0	Jun-18	7	Jun-18	195	61	68	188	Jun-18	194	Jun-18	0	Jun-18	0	Jun-18	0	Jun-18	0
Jul-18	66	235	Jul-18	57	59	Jul-18	3	Jul-18	188	62	54	196	Jul-18	67	Jul-18	8	Jul-18	0	Jul-18	0	Jul-18	0
Aug-18	62	136	Aug-18	41	4	Aug-18	23	Aug-18	196	58	63	191	Aug-18	17	Aug-18	8	Aug-18	0	Aug-18	0	Aug-18	0
Sep-18	48	218	Sep-18	44	3	Sep-18	7	Sep-18	191	34	49	176	Sep-18	3	Sep-18	7	Sep-18	0	Sep-18	0	Sep-18	0
Oct-18	84	175	Oct-18	77	113	Oct-18	10	Oct-18	176	12	45	143	Oct-18	13	Oct-18	11	Oct-18	0	Oct-18	0	Oct-18	0
Nov-18	82	116	Nov-18	70	42	Nov-18	9	Nov-18	143	5	42	106	Nov-18	15	Nov-18	11	Nov-18	0	Nov-18	0	Nov-18	0
Dec-18	81	133	Dec-18	2	35	Dec-18	11	Dec-18	106	6	15	97	Dec-18	38	Dec-18	6	Dec-18	0	Dec-18	0	Dec-18	0
Jan-19	91	145	Jan-19	108	33	Jan-19	21	Jan-19	97	33	20	110	Jan-19	52	Jan-19	10	Jan-19	0	Jan-19	0	Jan-19	0
Feb-19	74	124	Feb-19	57	10	Feb-19	22	Feb-19	110	43	22	131	Feb-19	15	Feb-19	8	Feb-19	0	Feb-19	0	Feb-19	0
Mar-19	45	190	Mar-19	35	7	Mar-19	12	Mar-19	131	18	21	128	Mar-19	16	Mar-19	7	Mar-19	0	Mar-19	0	Mar-19	0
Apr-19	61	195	Apr-19	42	70	Apr-19	7	Apr-19	128	28	30	126	Apr-19	30	Apr-19	3	Apr-19	0	Apr-19	0	Apr-19	0
May-19	70	196	May-19	37	9	May-19	14	May-19	126	18	25	119	May-19	58	May-19	9	May-19	0	May-19	0	May-19	0
Jun-19	62	222	Jun-19	0	2	Jun-19	25	Jun-19	119	25	26	118	Jun-19	221	Jun-19	2	Jun-19	0	Jun-19	0	Jun-19	0
Jul-19	92	172	Jul-19	62	37	Jul-19	11	Jul-19	118	37	21	134	Jul-19	123	Jul-19	8	Jul-19	0	Jul-19	0	Jul-19	0
Aug-19	51	164	Aug-19	49	44	Aug-19	6	Aug-19	134	67	49	152	Aug-19	9	Aug-19	9	Aug-19	0	Aug-19	0	Aug-19	0
Sep-19	54	185	Sep-19	84	2	Sep-19	5	Sep-19	152	14	26	140	Sep-19	11	Sep-19	8	Sep-19	0	Sep-19	0	Sep-19	0
Oct-19	62	194	Oct-19	36	56	Oct-19	11	Oct-19	140	14	39	115	Oct-19	20	Oct-19	4	Oct-19	0	Oct-19	0	Oct-19	0
Nov-19	58	144	Nov-19	62	69	Nov-19	12	Nov-19	115	11	23	103	Nov-19	26	Nov-19	5	Nov-19	0	Nov-19	0	Nov-19	0
Dec-19	83	177	Dec-19	1	26	Dec-19	16	Dec-19	103	31	25	109	Dec-19	73	Dec-19	6	Dec-19	0	Dec-19	0	Dec-19	0
Jan-20	111	145	Jan-20	112	17	Jan-20	26	Jan-20	109	33	25	117	Jan-20	32	Jan-20	10	Jan-20	0	Jan-20	0	Jan-20	0
Feb-20	70	112	Feb-20	50	10	Feb-20	11	Feb-20	117	16	23	110	Feb-20	15	Feb-20	12	Feb-20	0	Feb-20	0	Feb-20	0
Mar-20	41	139	Mar-20	44	8	Mar-20	5	Mar-20	110	18	19	109	Mar-20	6	Mar-20	6	Mar-20	0	Mar-20	0	Mar-20	0
Apr-20	14	84	Apr-20	14	57	Apr-20	3	Apr-20	109	7	17	99	Apr-20	17	Apr-20	1	Apr-20	0	Apr-20	0	Apr-20	0
May-20	59	174	May-20	0	7	May-20	12	May-20	99	9	23	85	May-20	88	May-20	4	May-20	0	May-20	0	May-20	40
Jun-20	87	176	Jun-20	0	0	Jun-20	10															

Exam Applications			Certificate Applications			CPA Firm Registrations		Professional Stds Cases					Inactive		Reinstatement		CPA - Retired		Candidate Eng		Exam Passes		
Month	Initial	Re-Exam	Month	Original	Reciprocal	Month	Total	Month	Begin Bal	Open	Closed	End Bal	Month	Total	Month	Total	Month	Total	Month	Total	Month	Total	
Oct-20	85	155	Oct-20	47	44	Oct-20	7	Oct-20	88	17	12	93	Oct-20	13	Oct-20	0	Oct-20	0	Oct-20	0	Oct-20	40	
Nov-20	78	145	Nov-20	56	61	Nov-20	6	Nov-20	93	10	24	79	Nov-20	21	Nov-20	0	Nov-20	0	Nov-20	0	Nov-20	53	
Dec-20	61	146	Dec-20	46	10	Dec-20	9	Dec-20	79	13	12	80	Dec-20	55	Dec-20	0	Dec-20	0	Dec-20	0	Dec-20	89	
Jan-21	66	150	Jan-21	72	22	Jan-21	20	Jan-21	80	21	19	82	Jan-21	53	Jan-21	0	Jan-21	0	Jan-21	0	Jan-21	29	
Feb-21	66	142	Feb-21	78	4	Feb-21	8	Feb-21	82	12	27	67	Feb-21	9	Feb-21	14	Feb-21	0	Feb-21	0	Feb-21	18	
Mar-21	46	147	Mar-21	31	0	Mar-21	16	Mar-21	67	29	17	79	Mar-21	21	Mar-21	6	Mar-21	0	Mar-21	0	Mar-21	32	
Apr-21	52	164	Apr-21	41	55	Apr-21	7	Apr-21	79	9	23	65	Apr-21	23	Apr-21	6	Apr-21	0	Apr-21	0	Apr-21	15	
May-21	55	186	May-21	50	7	May-21	4	May-21	65	8	4	69	May-21	54	May-21	1	May-21	0	May-21	0	May-21	32	
Jun-21	56	182	Jun-21	0	1	Jun-21	11	Jun-21	69	37	17	89	Jun-21	281	Jun-21	0	Jun-21	0	Jun-21	0	Jun-21	48	
Jul-21	58	177	Jul-21	75	39	Jul-21	15	Jul-21	89	18	21	86	Jul-21	105	Jul-21	13	Jul-21	0	Jul-21	0	Jul-21	49	
Aug-21	37	168	Aug-21	31	37	Aug-21	10	Aug-21	86	18	18	86	Aug-21	18	Aug-21	2	Aug-21	0	Aug-21	0	Aug-21	35	
Sep-21	37	111	Sep-21	42	2	Sep-21	6	Sep-21	86	13	35	64	Sep-21	10	Sep-21	4	Sep-21	0	Sep-21	0	Sep-21	55	
Oct-21	68	139	Oct-21	46	47	Oct-21	4	Oct-21	64	19	17	66	Oct-21	21	Oct-21	7	Oct-21	0	Oct-21	0	Oct-21	32	
Nov-21	90	152	Nov-21	48	74	Nov-21	12	Nov-21	66	21	14	73	Nov-21	29	Nov-21	6	Nov-21	0	Nov-21	0	Nov-21	39	
Dec-21	67	110	Dec-21	32	27	Dec-21	25	Dec-21	73	11	9	75	Dec-21	59	Dec-21	7	Dec-21	0	Dec-21	0	Dec-21	52	
Jan-22	81	134	Jan-22	60	33	Jan-22	15	Jan-22	75	31	18	88	Jan-22	69	Jan-22	6	Jan-22	0	Jan-22	0	Jan-22	19	
Feb-22	54	110	Feb-22	47	11	Feb-22	7	Feb-22	88	33	29	92	Feb-22	19	Feb-22	6	Feb-22	0	Feb-22	0	Feb-22	19	
Mar-22	56	141	Mar-22	30	7	Mar-22	8	Mar-22	92	38	23	107	Mar-22	32	Mar-22	5	Mar-22	0	Mar-22	0	Mar-22	25	
Apr-22	21	131	Apr-22	44	81	Apr-22	2	Apr-22	107	21	38	90	Apr-22	30	Apr-22	8	Apr-22	0	Apr-22	0	Apr-22	12	
May-22	84	178	May-22	39	8	May-22	6	May-22	90	21	19	92	May-22	67	May-22	6	May-22	0	May-22	0	May-22	26	
Jun-22	84	172	Jun-22	22	3	Jun-22	8	Jun-22	92	35	15	112	Jun-22	309	Jun-22	3	Jun-22	0	Jun-22	0	Jun-22	46	
Jul-22	67	187	Jul-22	50	50	Jul-22	12	Jul-22	112	25	19	118	Jul-22	98	Jul-22	12	Jul-22	0	Jul-22	0	Jul-22	29	
Aug-22	56	187	Aug-22	57	24	Aug-22	5	Aug-22	118	35	21	132	Aug-22	14	Aug-22	8	Aug-22	0	Aug-22	15	Aug-22	51	
Sep-22	57	140	Sep-22	30	1	Sep-22	6	Sep-22	132	24	21	135	Sep-22	7	Sep-22	6	Sep-22	0	Sep-22	130	Sep-22	51	
Oct-22	80	149	Oct-22	34	57	Oct-22	8	Oct-22	132	135	24	12	147	Oct-22	9	Oct-22	5	Oct-22	0	Oct-22	139	Oct-22	30
Nov-22	87	169	Nov-22	47	67	Nov-22	14	Nov-22	147	7	19	135	Nov-22	25	Nov-22	5	Nov-22	0	Nov-22	53	Nov-22	36	
Dec-22	63	142	Dec-22	38	15	Dec-22	10	Dec-22	135	23	33	125	Dec-22	52	Dec-22	5	Dec-22	0	Dec-22	0	Dec-22	48	
Jan-23	75	156	Jan-23	44	30	Jan-23	23	Jan-23	125	14	22	117	Jan-23	78	Jan-23	7	Jan-23	0	Jan-23	0	Jan-23	35	
Feb-23	46	141	Feb-23	32	9	Feb-23	9	Feb-23	117	12	21	108	Feb-23	18	Feb-23	3	Feb-23	0	Feb-23	70	Feb-23	21	
Mar-23	49	192	Mar-23	40	11	Mar-23	3	Mar-23	108	41	25	124	Mar-23	19	Mar-23	4	Mar-23	0	Mar-23	61	Mar-23	32	
Apr-23	55	168	Apr-23	47	64	Apr-23	6	Apr-23	124	22	30	116	Apr-23	49	Apr-23	8	Apr-23	0	Apr-23	74	Apr-23	13	
May-23	78	208	May-23	27	5	May-23	2	May-23	116	9	20	105	May-23	114	May-23	3	May-23	0	May-23	0	May-23	31	
Jun-23	99	262	Jun-23	20	2	Jun-23	4	Jun-23	105	12	16	101	Jun-23	227	Jun-23	2	Jun-23	0	Jun-23	27	Jun-23	68	
Jul-23	61	222	Jul-23	62	39	Jul-23	13	Jul-23	101	25	36	90	Jul-23	98	Jul-23	15	Jul-23	0	Jul-23	0	Jul-23	43	
Aug-23	132	285	Aug-23	52	36	Aug-23	14	Aug-23	90	38	21	107	Aug-23	21	Aug-23	3	Aug-23	0	Aug-23	10	Aug-23	49	
Sep-23	128	242	Sep-23	33	2	Sep-23	5	Sep-23	107	11	20	98	Sep-23	9	Sep-23	2	Sep-23	1	Sep-23	67	Sep-23	72	
Oct-23	98	269	Oct-23	61	32	Oct-23	11	Oct-23	98	9	25	82	Oct-23	19	Oct-23	8	Oct-23	16	Oct-23	281	Oct-23	41	
Nov-23	38	147	Nov-23	62	55	Nov-23	5	Nov-23	82	18	13	87	Nov-23	15	Nov-23	3	Nov-23	18	Nov-23	37	Nov-23	35	
Dec-23	29	119	Dec-23	41	21	Dec-23	18	Dec-23	87	15	15	87	Dec-23	45	Dec-23	4	Dec-23	27	Dec-23	0	Dec-23	86	
Jan-24	74	227	Jan-24	43	22	Jan-24	5	Jan-24	87	11	15	83	Jan-24	45	Jan-24	14	Jan-24	23	Jan-24	46	Jan-24	8	
Feb-24	56	154	Feb-24	64	12	Feb-24	22	Feb-24	83	19	22	80	Feb-24	15	Feb-24	7	Feb-24	15	Feb-24	77	Feb-24	18	
Mar-24	33	111	Mar-24	28	4	Mar-24	5	Mar-24	80	17	9	88	Mar-24	18	Mar-24	5	Mar-24	9	Mar-24	0	Mar-24	30	
Apr-24	59	168	Apr-24	28	62	Apr-24	14	Apr-24	88	23	16	95	Apr-24	39	Apr-24	5	Apr-24	13	Apr-24	20	Apr-24	9	
May-24	69	241	May-24	21	7	May-24	5	May-24	95	15	13	97	May-24	107	May-24	3	May-24	33	May-24	0	May-24	21	
Jun-24	75	156	Jun-24	21	2	Jun-24	7	Jun-24	97	16	15	98	Jun-24	183	Jun-24	1	Jun-24	21	Jun-24	0	Jun-24	64	
Jul-24	59	204	Jul-24	48	36	Jul-24	14	Jul-24	98	18	31	85	Jul-24	139	Jul-24	18	Jul-24	14	Jul-24	65	Jul-24	32	
Aug-24	70	276	Aug-24	38	37	Aug-24	16	Aug-24	85	10	16	79	Aug-24	7	Aug-24	3	Aug-24	3	Aug-24	61	Aug-24	30	
Sep-24	85	148	Sep-24	38	4	Sep-24	7	Sep-24	79	71	31	119	Sep-24	12	Sep-24	5	Sep-24	7	Sep-24	75	Sep-24	64	
Oct-24	59	137	Oct-24	37	32	Oct-24	14	Oct-24	119	20	35	104	Oct-24	13	Oct-24	5	Oct-24	1	Oct-24	113	Oct-24	32	
Nov-24	74	220	Nov-24	37	73	Nov-24	15	Nov-24	104	5	23	86	Nov-24	19	Nov-24	6	Nov-24	6	Nov-24	0	Nov-24	10	
Dec-24	61	152	Dec-24	30	14	Dec-24	11	Dec-24	86	13	12	87	Dec-24	74	Dec-24	4	Dec-24	18	Dec-24	0	Dec-24	51	
Jan-25	97	207	Jan-25	71	25	Jan-25	16	Jan-25	87	14	21	80	Jan-25	32	Jan-25	6	Jan-25	11	Jan-25	15	Jan-25	42	
Feb-25	58	189	Feb-25	25	4	Feb-25	17	Feb-25	80	17	10	87	Feb-25	24	Feb-25	4	Feb-25	7	Feb-25	85	Feb-25	14	
Mar-25	49	226	Mar-25	55	10	Mar-25	12	Mar-25	87	21	14	94	Mar-25	28	Mar-25	8	Mar-25	11	Mar-25	0	Mar-25	15	
Apr-25	0	0	Apr-25	0	0	Apr-25	0	Apr-25	94	0	0	94	Apr-25	0	Apr-25	0	Apr-25	0	Apr-25	0	Apr-25	0	
May-25	0	0	May-25	0	0	May-25	0	May-25	94	0	0	94	May-25	0	May-25	0	May-25	0	May-25	0	May-25	0	
Jun-25	0	0	Jun-25	0	0	Jun-25	0	Jun-25	94	0	0	94	Jun-25	0	Jun-25	0	Jun-25	0	Jun-25	0	Jun-25	0	
Jul-25	0	0	Jul-25	0	0	Jul-25	0	Jul-25	94	0	0	94	Jul-25	0	Jul-25	0	Jul-25	0	Jul-25	0	Jul-25	0	
Aug-25	0	0	Aug-25	0	0	Aug-25	0	Aug-25	94	0	0	94	Aug-25	0	Aug-25	0	Aug-25	0	Aug-25	0	Aug-25	0	
Sep-25	0	0	Sep-25	0	0	Sep-25	0	Sep-25	94	0	0	94	Sep-25	0	Sep-25	0	Sep-25	0	Sep-25	0	Sep-25	0	
Oct-25	0	0	Oct-25	0	0	Oct-25	0	Oct-25	94	0	0	94	Oct-25	0	Oct-25	0	Oct-25	0	Oct-25	0	Oct-25	0	
Nov-25	0	0	Nov-25	0	0	Nov-25	0	Nov-25	94	0	0	94	Nov-25	0	Nov-25	0	Nov-25	0	Nov-25	0	Nov-25	0	
Dec-25	0	0	Dec-25	0	0	Dec-25	0	Dec-25	94	0	0	94	Dec-25	0	Dec-25	0	Dec-25	0	Dec-25	0	Dec-25	0	
Jan-26	0	0	Jan-26	0	0	Jan-26	0	Jan-26	94	0	0	94	Jan-26	0	Jan-26	0	Jan-26	0	Jan-26	0	Jan-26	0	
Feb-26	0	0	Feb-26	0	0	Feb-26	0	Feb-26	94	0	0	94	Feb-26	0	Feb-26	0	Feb-26	0	Feb-26	0	Feb-26	0	
Mar-26	0	0	Mar-26	0	0	Mar-26	0	Mar-26	94	0	0	94	Mar-26	0	Mar-26	0	Mar-26	0	Mar-26	0	Mar-26	0	
Apr-26																							



North Carolina State Board of Certified Public Accountant Examiners

Executive Staff Report

Upcoming NASBA Meetings

Eastern Regional

Date: June 24-26, 2025 (new Board member events begin June 23)
 Location: Philadelphia Marriott Downtown, Philadelphia, PA
 Registration: Meeting registration will open soon. The guest registration fee is \$375.

To ensure that all attendees are registered and hotel accommodations are secured by the May 26 deadline, please let us know by April 30 if you plan to attend and how many nights you'll be staying.

Annual Meeting

Date: October 26-29, 2025
 Location: Sheraton Grand Chicago, Chicago, IL

Upcoming Student Events

Wake Tech Community College – Taste of Accounting Event

Date: April 29, 2025

Time: 5:00 PM - 8:30 PM

Individual CPA Certificate Renewal

Individual CPA certificate renewal opened on April 1. While fewer than 300 renewals have been processed as of April 14, we expect that number to rise significantly after the April newsletter is sent out on April 22. The newsletter contains important details about reporting CPE compliance and the upcoming renewal deadline.



North Carolina State Board of Certified Public Accountant Examiners

Recognition of NC CPA Licensure Milestones

50 Years of Licensure

- Douglas Early Aust, #8508 certificate issued 04/1975
- Hugh Jones Norris, Jr., #8510 certificate issued 04/1975

60 or More Years of Licensure

- William Ralph Hanling, #2242 certificate issued 07/1963
- Floyd Clinton Bowen Jr., #2320 certificate issued 01/1964
- Robert David Herford, #2321 certificate issued 01/1964
- James Graham Sullivan, #2348 certificate issued 03/1964
- John Gilbert Buie Jr., #2364 certificate issued 06/1964
- William Howard Coffey, #2393 certificate issued 08/1964
- Robert Stephen Smith, #2405 certificate issued 08/1964
- Pete Calvin Coble Jr., #2433 certificate issued 10/1964