



**CONFERENCE OF STATE BANK SUPERVISORS, INC.  
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended December 31, 2025 and 2024



**CONFERENCE OF STATE BANK SUPERVISORS, INC.  
AND AFFILIATES**

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## **Independent Auditors' Report**

The Board of Directors of  
Conference of State Bank Supervisors, Inc.

### ***Opinion***

We have audited the consolidated financial statements of Conference of State Bank Supervisors, Inc. and Affiliates ("CSBS"), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CSBS as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CSBS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Prior Period Financial Statements***

The financial statements of CSBS as of and for the year ended December 31, 2024, were audited by RSM US LLP, whose report dated May 21, 2025, expressed an unmodified opinion on those statements.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CSBS's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statements of financial position and activities on pages 26 through 27 are presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the

auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*CBIZ CPAs P.C.*

Washington, D.C.  
May 18, 2026

**CONFERENCE OF STATE BANK SUPERVISORS, INC.  
AND AFFILIATES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

December 31, 2025 and 2024

|   | 2025                  | 2024                  |
|---|-----------------------|-----------------------|
| <b>Assets</b>   |                       |                       |
| Cash and cash equivalents   | \$ 54,900,118         | \$ 49,918,207         |
| Accounts receivable, less allowance for expected credit losses of \$43,930 for 2025 and \$19,827 for 2024 | 2,778,281             | 1,864,590             |
| Investments   | 133,916,804           | 136,439,387           |
| Prepaid expenses and other  | 4,273,589             | 4,456,740             |
| Deferred compensation investments   | 3,464,119             | 2,986,904             |
| Operating lease right-of-use assets, net  | 10,079,465            | 10,840,087            |
| Property and equipment, net   | 52,030,752            | 39,498,555            |
| <b>Total Assets</b>   | <b>\$ 261,443,128</b> | <b>\$ 246,004,470</b> |
| <b>Liabilities and Net Assets</b>   |                       |                       |
| <b>Liabilities</b>  |                       |                       |
| Accounts payable and accrued expenses   | \$ 16,722,765         | \$ 18,768,517         |
| Deferred revenue  | 7,489,964             | 6,704,895             |
| Funds held for others   | 3,687,280             | 1,932,605             |
| Deferred compensation obligation  | 3,464,119             | 2,986,904             |
| Operating lease liabilities, net  | 19,685,709            | 20,898,350            |
| <b>Total Liabilities</b>  | <b>51,049,837</b>     | <b>51,291,271</b>     |
| <b>Net Assets</b>   |                       |                       |
| Without donor restrictions:   |                       |                       |
| Investments in capitalized assets and development cost  | 52,030,752            | 39,498,555            |
| Designated for reserves and development   | 143,866,779           | 140,654,236           |
| With donor restrictions   | 14,495,760            | 14,560,408            |
| <b>Total Net Assets</b>   | <b>210,393,291</b>    | <b>194,713,199</b>    |
| <b>Total Liabilities and Net Assets</b>   | <b>\$ 261,443,128</b> | <b>\$ 246,004,470</b> |

*The accompanying notes are an integral part of these consolidated financial statements.*

**CONFERENCE OF STATE BANK SUPERVISORS, INC.  
AND AFFILIATES**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2025

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                 |
|--|-------------------------------|----------------------------|-----------------------|
| <b>Revenue</b>                                       |                               |                            |                       |
| NMLS processing fees                                 | \$ 74,085,510                 | \$ --                      | \$ 74,085,510         |
| NMLS professional services, net                      | 12,533,728                    | --                         | 12,533,728            |
| Membership dues                                      | 7,449,581                     | --                         | 7,449,581             |
| Meeting registration fees                            | 2,554,992                     | --                         | 2,554,992             |
| Accreditation of banking and<br>mortgage departments | 290,000                       | --                         | 290,000               |
| Other income   | 68,648                        | --                         | 68,648                |
| Investment income, net                               | 11,328,338                    | --                         | 11,328,338            |
| Net assets released from restriction                 | <u>64,648</u>                 | <u>(64,648)</u>            | <u>--</u>             |
| <b>Total Revenue</b>                                 | <u>108,375,445</u>            | <u>(64,648)</u>            | <u>108,310,797</u>    |
| <b>Expenses</b>                                      |                               |                            |                       |
| <b>Direct Program Expenses</b>                       |                               |                            |                       |
| NMLS and SES system operations                       | 23,627,851                    | --                         | 23,627,851            |
| NMLS call center                                     | 5,631,899                     | --                         | 5,631,899             |
| NMLS professional services                           | 808,668                       | --                         | 808,668               |
| Professional services – legal, audit and other       | 4,460,516                     | --                         | 4,460,516             |
| Staff, board and member travel and meetings          | <u>4,071,355</u>              | <u>--</u>                  | <u>4,071,355</u>      |
| <b>Total Direct Program Expenses</b>                 | <u>38,600,289</u>             | <u>--</u>                  | <u>38,600,289</u>     |
| <b>Staffing and Administrative Expenses</b>          |                               |                            |                       |
| Salaries and benefits                                | 43,784,279                    | --                         | 43,784,279            |
| Technology and general office                        | 6,741,142                     | --                         | 6,741,142             |
| Rent and occupancy                                   | <u>3,504,995</u>              | <u>--</u>                  | <u>3,504,995</u>      |
| <b>Total Staffing and Administrative Expenses</b>    | <u>54,030,416</u>             | <u>--</u>                  | <u>54,030,416</u>     |
| <b>Total Expenses</b>                                | <u>92,630,705</u>             | <u>--</u>                  | <u>92,630,705</u>     |
| <b>Change in Net Assets</b>                          | 15,744,740                    | (64,648)                   | 15,680,092            |
| <b>Net Assets, Beginning of Year</b>                 | <u>180,152,791</u>            | <u>14,560,408</u>          | <u>194,713,199</u>    |
| <b>Net Assets, End of Year</b>                       | <u>\$ 195,897,531</u>         | <u>\$ 14,495,760</u>       | <u>\$ 210,393,291</u> |

*The accompanying notes are an integral part of these consolidated financial statements.*

**CONFERENCE OF STATE BANK SUPERVISORS, INC.  
AND AFFILIATES**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2024

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                 |
|--|-------------------------------|----------------------------|-----------------------|
| <b>Revenue</b>                                       |                               |                            |                       |
| NMLS processing fees                                 | \$ 61,140,043                 | \$ --                      | \$ 61,140,043         |
| NMLS professional services, net                      | 11,916,192                    | --                         | 11,916,192            |
| Membership dues                                      | 7,230,554                     | --                         | 7,230,554             |
| Meeting registration fees                            | 2,404,477                     | --                         | 2,404,477             |
| Accreditation of banking and<br>mortgage departments | 244,000                       | --                         | 244,000               |
| Other income   | 28,000                        | --                         | 28,000                |
| Investment income, net                               | 8,196,904                     | --                         | 8,196,904             |
| Net assets released from restriction                 | <u>4,200</u>                  | <u>(4,200)</u>             | <u>--</u>             |
| <b>Total Revenue</b>                                 | <u>91,164,370</u>             | <u>(4,200)</u>             | <u>91,160,170</u>     |
| <b>Expenses</b>                                      |                               |                            |                       |
| <b>Direct Program Expenses</b>                       |                               |                            |                       |
| NMLS and SES system operations                       | 20,551,092                    | --                         | 20,551,092            |
| NMLS call center                                     | 5,094,139                     | --                         | 5,094,139             |
| NMLS professional services                           | 777,782                       | --                         | 777,782               |
| Professional services – legal, audit and other       | 4,673,440                     | --                         | 4,673,440             |
| Staff, board and member travel and meetings          | <u>3,921,904</u>              | <u>--</u>                  | <u>3,921,904</u>      |
| <b>Total Direct Program Expenses</b>                 | <u>35,018,357</u>             | <u>--</u>                  | <u>35,018,357</u>     |
| <b>Staffing and Administrative Expenses</b>          |                               |                            |                       |
| Salaries and benefits                                | 37,971,095                    | --                         | 37,971,095            |
| Technology and general office                        | 7,425,765                     | --                         | 7,425,765             |
| Rent and occupancy                                   | <u>2,400,008</u>              | <u>--</u>                  | <u>2,400,008</u>      |
| <b>Total Staffing and Administrative Expenses</b>    | <u>47,796,868</u>             | <u>--</u>                  | <u>47,796,868</u>     |
| <b>Total Expenses</b>                                | <u>82,815,225</u>             | <u>--</u>                  | <u>82,815,225</u>     |
| <b>Change in Net Assets</b>                          | 8,349,145                     | (4,200)                    | 8,344,945             |
| <b>Net Assets, Beginning of Year</b>                 | <u>171,803,646</u>            | <u>14,564,608</u>          | <u>186,368,254</u>    |
| <b>Net Assets, End of Year</b>                       | <u>\$ 180,152,791</u>         | <u>\$ 14,560,408</u>       | <u>\$ 194,713,199</u> |

*The accompanying notes are an integral part of these consolidated financial statements.*

**CONFERENCE OF STATE BANK SUPERVISORS, INC.  
AND AFFILIATES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2025 and 2024

|   | 2025                 | 2024                 |
|---|----------------------|----------------------|
| <b>Cash Flows From Operating Activities</b>   |                      |                      |
| Change in net assets  | \$ 15,680,092        | \$ 8,344,945         |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                      |                      |
| Depreciation and amortization   | 7,234,843            | 5,336,987            |
| Realized and unrealized gain on investments   | (6,847,633)          | (2,247,528)          |
| Amortization of operating lease right-of-use assets   | 760,622              | 1,144,527            |
| Changes in assets and liabilities:  |                      |                      |
| Accounts receivable   | (913,691)            | 100,859              |
| Prepaid expenses and other  | 183,151              | 13,201               |
| Accounts payable and accrued expenses   | (2,045,752)          | 7,522,113            |
| Deferred revenue  | 785,069              | 894,801              |
| Funds held for others   | 1,754,675            | (38,620)             |
| Deferred compensation obligation  | 477,215              | 358,907              |
| Principal payments on operating lease liabilities   | <u>(1,212,641)</u>   | <u>(19,363)</u>      |
| <b>Net Cash Provided by Operating Activities</b>  | <u>15,855,950</u>    | <u>21,410,829</u>    |
| <b>Cash Flows From Investing Activities</b>   |                      |                      |
| Purchases of property and equipment   | (19,767,040)         | (21,043,432)         |
| Proceeds from the sale and redemption of investments  | 305,679,373          | 41,500,000           |
| Purchases of investments  | <u>(296,786,372)</u> | <u>(36,672,832)</u>  |
| <b>Net Cash Used in Investing Activities</b>  | <u>(10,874,039)</u>  | <u>(16,216,264)</u>  |
| <b>Net Increase in Cash and Cash Equivalents</b>  | 4,981,911            | 5,194,565            |
| <b>Cash and Cash Equivalents, Beginning of Year</b>   | <u>49,918,207</u>    | <u>44,723,642</u>    |
| <b>Cash and Cash Equivalents, End of Year</b>   | <u>\$ 54,900,118</u> | <u>\$ 49,918,207</u> |
| <b>Supplemental Disclosure of Cash Flow Information:</b>                                    |                      |                      |
| Cash payments for operating leases  | <u>\$ 1,590,665</u>  | <u>\$ 19,363</u>     |

*The accompanying notes are an integral part of these consolidated financial statements.*

**CONFERENCE OF STATE BANK SUPERVISORS, INC.  
AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended December 31, 2025 and 2024

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

***NATURE OF ACTIVITIES***

Conference of State Bank Supervisors, Inc. (CSBS) is a nonprofit organization founded in 1902 to assure the ability of each state banking authority to provide safe, sound and well-regulated financial institutions to meet the unique financial needs of local economies and their citizens. Its members are public entities who charter, regulate and supervise state-chartered banks of the United States. State bankers are also members.

CSBS Education Foundation (the Foundation) was formed in January 1985, to carry on the educational and scholarship activities of state banking department personnel.

State Regulatory Registry LLC (SRR) is a single-member limited liability company owned by CSBS, which was formed in 2006, to operate the Nationwide Multistate Licensing System and Registry (NMLS) on behalf of state financial services regulatory agencies. The NMLS was created to comply with the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act). NMLS is a web-based system that allows state-licensed non-depository companies, branches and individuals in the mortgage, consumer lending, money services businesses and debt collection industries to apply for, amend, update or renew a license online for all participating state agencies using a single set of uniform applications. Mortgage loan originators employed by insured depository institutions are also registered through NMLS. NMLS brings greater uniformity and transparency to these non-depository financial services industries while maintaining and strengthening the ability of state regulators to monitor these industries and protect their citizens. All individual mortgage loan originators are represented in the system.

***PRINCIPLES OF CONSOLIDATION***

The consolidated financial statements include the accounts of CSBS, the Foundation and SRR (collectively referred to as CSBS). All significant intercompany accounts and transactions have been eliminated in consolidation.

***BASIS OF PRESENTATION***

The consolidated financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-For-Profit Entities topic of the FASB ASC, CSBS is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

***NET ASSETS WITH DONOR RESTRICTIONS***

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. CSBS reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

**CONFERENCE OF STATE BANK SUPERVISORS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended December 31, 2025 and 2024

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***NET ASSETS WITHOUT DONOR RESTRICTIONS***

Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. CSBS classifies certain components of its net assets without donor restrictions as being designated for reserves and development.

***CASH AND CASH EQUIVALENTS***

For consolidated financial statement purposes, CSBS considers all highly liquid investments with an original maturity of three months or less that are not held in investment accounts to be cash equivalents.

***INVESTMENTS***

Investments with readily determinable fair values are reflected at fair value. To adjust the carrying value of these investments, the change in fair value is charged or credited to investment return net of related fees.

***FINANCIAL RISK***

CSBS maintains accounts with a commercial bank. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. CSBS has not experienced any such losses in the past and does not believe it is exposed to any significant financial risk on these cash balances.

CSBS invests funds in a professionally managed portfolio that contains money market funds, treasury bills, mutual funds and exchange-traded funds (ETFs). Such investments are exposed to market and credit risks. Thus, CSBS' investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in these consolidated financial statements may not be reflective of the portfolio's value during subsequent periods.

***ACCOUNTS RECEIVABLE***

Accounts receivable consist primarily of amounts owed from customers for mortgage database processing fees, membership dues, conference and seminar registrations, and online courses. Accounts receivable are presented at the net amount due to CSBS (i.e., gross amount less allowance). The measurement of expected credit losses under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include billed and unbilled receivables as well as contract assets. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Management recorded an allowance of \$43,930 and \$19,827 at December 31 2025 and 2024, respectively.

**CONFERENCE OF STATE BANK SUPERVISORS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended December 31, 2025 and 2024

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***CONTRACT BALANCES***

The timing of revenue recognition may not align with the right to invoice the customer. CSBS records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) is recorded. If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded. Opening contract balances as of January 1, 2024, included accounts receivable of \$1,965,449 and deferred revenue of \$5,810,094.

***PROPERTY AND EQUIPMENT***

Property and equipment is stated at cost. It is the policy of CSBS to capitalize all purchases of property and equipment greater or equal to \$5,000 and depreciate them over estimated useful lives of three to 10 years using the straight-line method, with no salvage value. Leasehold improvements to CSBS' office space are recorded at cost and depreciated using the straight-line basis over the remaining life of the original lease term. CSBS capitalizes certain costs related to the NMLS web-based system incurred during the application development stage and expenses costs incurred during the preliminary project and post-implementation/operation stages. The development costs of the NMLS database are being amortized over a seven-year useful life. Development costs of subsequent database releases will also be amortized over a seven-year useful life beginning when the release is implemented.

SRR has various information technology applications that are currently in the process of being upgraded. SRR has capitalized work-in-progress development costs of \$5,491,745 and \$12,491,282 within the NMLS Modernization–work-in-progress category as of the years ended December 31, 2025 and 2024, respectively. SRR expects to complete these information technology upgrades by December 31, 2029. During the year ended December 31, 2025, SRR began making improvements to the State Examination Systems (SES) and has included capitalized development costs of \$2,726,074 within the SES Surge–work-in-progress category as of December 31, 2025.

***IMPAIRMENT POLICY***

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of long-lived assets is measured by a comparison of the carrying amount of the assets to the sum of undiscounted cash flows, and recognizes an impairment for the excess of carrying amount over fair value if not recoverable. Assets to be disposed of are reportable at the lower of the carrying amount or fair value less costs to sell.

***REVENUE***

CSBS' activities are primarily supported through NMLS license processing fees, NMLS professional fees, membership dues and meeting registration fees. Prices charged to customers are specific to distinct performance obligations and do not consist of multiple transactions. Economic factors are driven by consumer confidence, employment, inflation and other world events that impact the timing and level of cash received and revenue recognized by CSBS. Periods of economic downturn resulting

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended December 31, 2025 and 2024

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***REVENUE (CONTINUED)***

from any of the above factors may result in declines in future cash flows and recognized revenue of CSBS. CSBS did not have any impairment on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers.

***NMLS PROCESSING FEES***

NMLS processing fees revenue consists of NMLS license processing fees, credit card service fees, and NMLS subscription revenue.

NMLS license processing fees are fixed amounts charged by SRR to facilitate the obtainment and renewal of licenses through the NMLS. When a license issuance or renewal request is initiated by the customer within the NMLS, the request is transmitted to the selected state agencies who are responsible for making the licensing determination to issue or renew a license. Credit card service fees are fixed amounts charged by SRR to process customer payments through the NMLS. License processing and credit card service fees are recognized at the point in time when SRR processes the transactions through the NMLS. For the years ended December 31, 2025 and 2024, license processing and credit card processing revenue recognized totaled \$70,142,491 and \$57,193,809, respectively.

NMLS subscription revenue consists of two-factor subscriptions and business-to-business (B2B) subscriptions. For two-factor subscriptions, the customer receives the use of a two-factor authentication tool to meet NMLS security requirements for a period of one year. For B2B subscriptions, the customer receives access to various resources and data online for the selected weekly, monthly or annual period. SRR's performance obligation for two-factor and B2B subscriptions are considered to occur evenly over the period of the subscriptions. Amounts received for subscriptions are deferred upon receipt and recognized ratably over the subscription period. For the years ended December 31, 2025 and 2024, subscription revenue recognized totaled \$3,943,019 and \$3,946,234, respectively.

***NMLS PROFESSIONAL FEES, NET***

NMLS professional fees represent the fees charged by SRR to facilitate the prelicensure requirements of the SAFE Act. These fees include state and national test fees, fingerprinting fees, credit report fees and course provider fees.

For state and national test fees, SRR has a performance obligation to act as an agent in processing the customer request through the NMLS to register for exams. After the request is processed through the NMLS, all aspects of exam registration and administration are the responsibility of a third-party provider. For fingerprinting fees, SRR has a performance obligation to act as an agent in processing the customer request through the NMLS for a criminal background check. After the request is

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended December 31, 2025 and 2024

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***NMLS PROFESSIONAL FEES (CONTINUED)***

processed through the NMLS, all aspects of the criminal background check are performed by the Federal Bureau of Investigation with results returned to the state agencies. For credit report fees, SRR has a performance obligation to act as an agent in processing the customer request through the NMLS for an independent credit report. After the request is processed through the NMLS, the credit report is created by a third-party provider with results returned to the state agencies. State and national test fees, fingerprinting fees and credit report fees are recognized at the point in time when the customer request is processed through the NMLS. For the years ended December 31, 2025 and 2024, state and national test fees, fingerprinting fees and credit report fees, revenue recognized totaled \$7,626,630 and \$7,167,618, respectively, net of expenses paid to the third-party providers.

Course provider fees consist of course application fees and credit banking fees. As part of the SAFE Act prelicensure requirements, licensure applicants must have a certain amount of continuing education credits in approved courses. Course application fees represent SRR's performance obligation to make an approval decision as to whether a course meets the continuing professional education requirements of the SAFE Act. Course application fees are recognized at the point in time when SRR has rendered an approval decision to the course provider. Credit banking fees represent SRR's performance obligation to track education courses that count towards licensure requirements within the licensure applicant's record in the NMLS. Credit banking fees are paid by the course providers to SRR when courses have been completed and revenue is recognized at the point in time when courses have been completed and revenue is recognized at the point in time when SRR has recorded the course completion details in the NMLS. For the years ended December 31, 2025 and 2024, course provider fees recognized totaled \$4,907,098 and \$4,748,574, respectively.

***MEMBERSHIP DUES***

Membership dues are billed annually for the membership period. Member benefits include access to public policy advocacy, access to information and research, an opportunity to serve on an advisory board and access to discounted training courses from a third-party vendor. All member benefits are considered one performance obligation given that benefits are accessible to the member throughout the term of the membership. Membership dues are recorded as deferred revenue upon receipt and revenue is recognized ratably over the membership period as the delivery of the member benefits are provided.

***MEETING REGISTRATIONS***

Meeting registrations are recognized over the period of time that the related meeting takes place. Registration is typically collected in advance of the meeting date and recorded as deferred revenue until the meeting occurs.

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***ALLOCATION OF FUNCTIONAL EXPENSES***

Expenses have been summarized on a functional basis in Note 12. Accordingly, costs primarily associated with personnel, professional fees, information technology, supplies and other shared services have been allocated among the program and supporting services benefited on the basis of the labor costs utilized by each area. Costs related to occupancy, such as rent, equipment depreciation, property taxes, leasehold improvements and insurance expense, are allocated based on an estimate of square footage occupied by each business unit.

***LEASES***

CSBS determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. CSBS also considers whether its service arrangements include the right to control the use of an asset.

CSBS recognizes most leases on its consolidated statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the consolidated statement of activities.

CSBS made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, CSBS made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***LEASES (CONTINUED)***

CSBS has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to CSBS, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

***USE OF ESTIMATES***

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

***INCOME TAX STATUS***

CSBS and the Foundation are both exempt from the payment of income taxes on their exempt activities under Section 501(c)(3) of the Internal Revenue Code (IRC) and are classified as other than a private foundation within the meaning of Section 509(a)(2) and Section 509(a)(3) of the IRC, respectively. SRR has been ruled by the Internal Revenue Service to be a single-member domestic limited liability company and is therefore disregarded as a separate entity for income tax purposes.

The accounting standard on Accounting for Uncertainty in Income Taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, CSBS may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of CSBS and various positions related to the potential sources of unrelated business income tax (UBIT). CSBS is not currently under examination by any taxing jurisdiction. CSBS' federal and state tax returns are generally open for examination for three years following the date filed. There are currently no examinations pending or in progress.

There were no unrecognized tax benefits identified or recorded as liabilities for the reporting periods included in these consolidated financial statements.

***RECLASSIFICATION***

Certain 2024 amounts have been reclassified to conform with the fiscal year 2025 financial statement presentation.

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**NOTE 2 – INVESTMENTS**

In March 2025, CSBS transitioned to a new investment advisor. As a part of the transition, the investment portfolio was transferred resulting in elevated levels of investment purchases and sales. Investments other than deferred compensation holdings consist of the following at December 31, 2025 and 2024:

|                           | 2025                  | 2024                  |
|---------------------------|-----------------------|-----------------------|
| Treasury Bills            | \$ 67,979,892         | \$ 9,778,558          |
| Corporate bonds           | 35,748,806            | --                    |
| Equity mutual funds       | 24,772,743            | 21,470,742            |
| Money market funds        | 5,415,363             | 26,588,485            |
| Fixed-income mutual funds | --                    | 75,394,394            |
| Equity ETFs               | --                    | 3,026,495             |
| Fixed-income ETFs         | --                    | 180,713               |
| <b>Total Investments</b>  | <b>\$ 133,916,804</b> | <b>\$ 136,439,387</b> |

**NOTE 3 – FAIR VALUE MEASUREMENTS**

The Fair Value Measurement topic of the ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under this topic as assumptions market participants would use in pricing an asset or liability.

- Level 1    Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
  
- Level 2    Inputs, other than quoted prices within Level 1, that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies.
  
- Level 3    Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)**

management judgment or estimation. Investments that are included in this category are investments where fair value is not based on a net asset value practical expedient. There were no Level 3 inputs for any assets or liabilities held by CSBS at December 31, 2025 and 2024.

All mutual funds, ETFs, and treasury bills are valued based on quoted market prices in active markets and are classified within Level 1 of the fair value hierarchy. Corporate bonds are valued using observable market inputs other than quoted prices, such as dealer quotes and market spreads, and are classified within Level 2 of the fair value hierarchy. Money market funds, while open-ended and subject to market fluctuations, generally have a subscription and redemption value of \$1 per share.

CSBS' assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the investments. The inputs or methodology used for valuing investments are not necessarily an indication of the risks associated with investing in those instruments.

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**NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)**

The following is a summary of the input levels used to determine fair values, measured on a recurring basis, of the following assets and liabilities at December 31, 2025:

|  | Total                 | Level 1               | Level 2              | Level 3      |
|--|-----------------------|-----------------------|----------------------|--------------|
| <b>Investments:</b>                          |                       |                       |                      |              |
| Treasury Bills                               | \$ 67,979,892         | \$ 67,979,892         | \$ --                | \$ --        |
| Corporate bonds                              | 35,748,806            | --                    | 35,748,806           | --           |
| Equity mutual funds                          | 24,772,743            | 24,772,743            | --                   | --           |
| Money market funds                           | <u>5,415,363</u>      | <u>5,415,363</u>      | <u>--</u>            | <u>--</u>    |
| <br>   |                       |                       |                      |              |
| <b>Investments Carried at<br/>Fair Value</b> | <u>133,916,804</u>    | <u>98,167,998</u>     | <u>35,748,806</u>    | <u>--</u>    |
| <br>   |                       |                       |                      |              |
| <b>Total Investments</b>                     | <u>133,916,804</u>    | <u>98,167,998</u>     | <u>35,748,806</u>    | <u>--</u>    |
| <br>   |                       |                       |                      |              |
| Deferred compensation investments:           |                       |                       |                      |              |
| Equity mutual funds                          | 3,162,476             | 3,162,476             | --                   | --           |
| Fixed-income mutual funds                    | <u>301,329</u>        | <u>301,329</u>        | <u>--</u>            | <u>--</u>    |
| <br>   |                       |                       |                      |              |
| <b>Investments Carried at<br/>Fair Value</b> | 3,463,805             | 3,463,805             | --                   | --           |
| <br>   |                       |                       |                      |              |
| Cash and cash equivalents                    | <u>314</u>            | <u>314</u>            | <u>--</u>            | <u>--</u>    |
| <br>   |                       |                       |                      |              |
| <b>Total Investments</b>                     | <u>\$ 137,380,923</u> | <u>\$ 101,632,117</u> | <u>\$ 35,748,806</u> | <u>\$ --</u> |
| <br>   |                       |                       |                      |              |
| <b>Liabilities:</b>                          |                       |                       |                      |              |
| Deferred compensation obligation             | <u>\$ 3,464,119</u>   | <u>\$ --</u>          | <u>\$ 3,464,119</u>  | <u>\$ --</u> |

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**NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)**

The following is a summary of the input levels used to determine fair values, measured on a recurring basis, of the following assets and liabilities at December 31, 2024:

|   | Total                 | Level 1               | Level 2      | Level 3      |
|---|-----------------------|-----------------------|--------------|--------------|
| <b>Investments:</b>                       |                       |                       |              |              |
| Fixed-income mutual funds                 | \$ 75,394,394         | \$ 75,394,394         | \$ --        | \$ --        |
| Money market funds                        | 26,588,485            | 26,588,485            | --           | --           |
| Equity mutual funds                       | 21,470,742            | 21,470,742            | --           | --           |
| Treasury Bills                            | 9,778,558             | 9,778,558             | --           | --           |
| Equity ETFs                               | 3,026,495             | 3,026,495             | --           | --           |
| Fixed-income ETFs                         | 180,713               | 180,713               | --           | --           |
| <b>Investments Carried at Fair Value</b>  | <b>136,439,387</b>    | <b>136,439,387</b>    | <b>--</b>    | <b>--</b>    |
| <b>Total Investments</b>                  | <b>136,439,387</b>    | <b>136,439,387</b>    | <b>--</b>    | <b>--</b>    |
| <b>Deferred compensation investments:</b> |                       |                       |              |              |
| Equity mutual funds                       | 2,677,661             | 2,677,661             | --           | --           |
| Fixed-income mutual funds                 | 178,338               | 178,338               | --           | --           |
| <b>Investments Carried at Fair Value</b>  | <b>2,855,999</b>      | <b>2,855,999</b>      | <b>--</b>    | <b>--</b>    |
| Cash and cash equivalents                 | 130,905               | 130,905               | --           | --           |
| <b>Total Investments</b>                  | <b>\$ 139,426,291</b> | <b>\$ 139,426,291</b> | <b>\$ --</b> | <b>\$ --</b> |
| <b>Liabilities:</b>                       |                       |                       |              |              |
| Deferred compensation obligation          | \$ 2,986,904          | \$ --                 | \$ 2,986,904 | \$ --        |

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**NOTE 4 – LIQUIDITY**

CSBS strives to maintain liquid financial assets sufficient to cover general expenditures anticipated within one year. Financial assets in excess of daily cash requirements are invested in U.S. treasury instruments, money market funds, mutual funds and ETFs.

The following table reflects CSBS’ financial assets that are available to meet general expenditures within one year of the consolidated statements of financial position date at December 31, 2025 and 2024.

Amounts not available are primarily board-designated funds as determined under CSBS’ Reserve Policy and Liquidity Policy. Continuing development and enhancement of the NMLS licensing database is the largest anticipated future need. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

|   | 2025                 | 2024                 |
|---|----------------------|----------------------|
| Cash and cash equivalents   | \$ 54,900,118        | \$ 49,918,207        |
| Accounts receivable   | 2,778,281            | 1,864,590            |
| Investments   | 133,916,804          | 136,439,387          |
| Deferred compensation investments   | 3,464,119            | 2,986,904            |
| <b>Total Financial Assets</b>   | 195,059,322          | 191,209,088          |
| Board-designated funds  | (143,866,779)        | (140,654,236)        |
| Donor-restricted funds  | (14,495,760)         | (14,560,408)         |
| Deferred compensation investments   | (3,464,119)          | (2,986,904)          |
| <b>Financial Assets Available to Meet Cash Needs for<br/>General Expenditures Within One Year</b> | <b>\$ 33,232,664</b> | <b>\$ 33,007,540</b> |

**NOTE 5 – DEFERRED COMPENSATION PLAN**

CSBS maintains a non-qualified deferred compensation plan established under Section 457(b) of the IRC for eligible senior staff of CSBS, to which the participants make voluntary contributions, and CSBS makes discretionary contributions. CSBS made contributions of \$93,200 and \$80,453 to the deferred compensation plan for the years ended December 31, 2025 and 2024, respectively. Also, during the years ended December 31, 2025 and 2024, there were no benefit distributions made from the plan. Assets designated for this plan consist of various equity and fixed-income mutual funds.

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**NOTE 6 – RETIREMENT PLAN**

***401(k) PLAN***

CSBS has a defined contribution plan for its employees under section 401(k) of the IRC. Elective contributions can be made by all employees 21 years of age or older. CSBS makes a nonelective contribution equal to 3% of each participant’s eligible salary. In addition, CSBS matches each participant’s elective deferrals up to 5% of eligible salary. CSBS may also make discretionary contributions to the plan. Vesting is determined based on the nature of each plan contribution. CSBS’ total contributions for the years ended December 31, 2025 and 2024, were \$3,813,744 and \$2,965,830, respectively.

**NOTE 7 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2025 and 2024:

|  | 2025                  |  |                      |
|--|-----------------------|--|----------------------|
|  | Cost                  | Accumulated<br>Depreciation<br>and<br>Amortization | Net Value            |
| NMLS 1.0 and licensing databases         | \$ 52,159,378         | \$ (51,494,709)                                    | \$ 664,669           |
| NMLS 1.0 Cloud                           | 6,323,309             | (3,823,532)  | 2,499,777            |
| NMLS Modernization                       | 33,832,950            | (3,029,018)  | 30,803,932           |
| NMLS Modernization -work-in-progress     | 5,491,745             | --   | 5,491,745            |
| State Examination System (SES)           | 16,817,968            | (12,938,444)                                       | 3,879,524            |
| SES Surge–work-in-progress               | 2,726,074             | --   | 2,726,074            |
| Computer equipment                       | 900,935               | (795,358)  | 105,577              |
| Website development                      | 2,525,219             | (2,299,188)  | 226,031              |
| Furniture and fixtures                   | 1,105,953             | (472,942)  | 633,011              |
| Equipment                                | 771,684               | (407,897)  | 363,787              |
| Leasehold improvements                   | 4,359,786             | (916,948)  | 3,442,838            |
| Financial Management System              | 977,152               | (288,892)  | 688,260              |
| Data Management Project–work-in-progress | 505,527               | --   | 505,527              |
|  | <u>\$ 128,497,680</u> | <u>\$ (76,466,928)</u>                             | <u>\$ 52,030,752</u> |

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**NOTE 7 – PROPERTY AND EQUIPMENT (CONTINUED)**

|                                      | 2024                  |  |                      |
|--------------------------------------|-----------------------|--|----------------------|
|                                      | Cost                  | Accumulated<br>Depreciation<br>and<br>Amortization | Net Value            |
| NMLS 1.0 and licensing databases     | \$ 52,104,129         | \$ (51,163,954)                                    | \$ 940,175           |
| NMLS 1.0 Cloud                       | 6,323,310             | (2,914,522)  | 3,408,788            |
| NMLS Modernization                   | 10,725,556            | (664,556)  | 10,061,000           |
| NMLS Modernization –work-in-progress | 12,491,281            | --   | 12,491,281           |
| State Examination System             | 16,817,962            | (10,460,228)                                       | 6,357,734            |
| Computer equipment                   | 878,137               | (679,809)  | 198,328              |
| Website development                  | 2,489,094             | (2,215,203)  | 273,891              |
| Furniture and fixtures               | 1,483,335             | (711,783)  | 771,552              |
| Equipment                            | 753,303               | (258,120)  | 495,183              |
| Leasehold improvements               | 4,279,691             | (606,921)  | 3,672,770            |
| Financial Management System          | 977,152               | (149,299)  | 827,853              |
|                                      | <u>\$ 109,322,950</u> | <u>\$ (69,824,395)</u>                             | <u>\$ 39,498,555</u> |

Depreciation and amortization expense, related to property and equipment, was \$7,036,156 and \$5,336,987 for 2025 and 2024, respectively. As disclosed in Note 1, the work-in-progress is related to a project expected to be completed in 2029 for an estimated total cost of \$93,000,000.

**NOTE 8 – FUNDS HELD FOR OTHERS**

From time to time, in the normal course of transactions with states, CSBS holds amounts on account for individual states. At the direction of individual states, CSBS holds these funds for future use such as training or educational programs sponsored by CSBS, including cosponsored “Day with the Commissioner” projects in various individual states. The balance of these accounts at December 31, 2025 and 2024, was \$69,125 and \$90,668, respectively.

As a result of the National Mortgage Settlement in 2012, \$65,000,000 was distributed to CSBS, of which, \$16,000,000 was granted directly to CSBS for creating a State Regulatory Fund. The remaining \$49,000,000 was to be distributed to the 49 states that were a party to the settlement, with CSBS acting as the escrow agent. Since 2012, CSBS has distributed the funds to the states as directed by the states. As of December 31, 2025 and 2024, CSBS held \$3,264,075 and \$1,475,466, respectively.

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**NOTE 8 – FUNDS HELD FOR OTHERS (CONTINUED)**

During 2020, \$414,135 was distributed to CSBS for the Ameriquest Settlement Fund. The Fund is intended to be distributed to the 50 states and the District of Columbia which were a party to the settlement with CSBS acting as the escrow agent. CSBS will distribute the funds to the states as directed by the states subject to approval by a special committee independent of CSBS. As of December 31, 2025 and 2024, CSBS held \$354,080 and \$366,471 in the Ameriquest Settlement Fund.

**NOTE 9 – CLASSIFICATION OF NET ASSETS**

***NET ASSETS WITHOUT DONOR RESTRICTIONS, DESIGNATED FOR RESERVES AND DEVELOPMENT***

CSBS has designated a portion of its net assets as reserves to ensure that CSBS and affiliates are financially prepared to meet the needs for planned system enhancements as well as uninsurable risks. Under its specific reserve policy, CSBS defines reserves as net assets without donor restrictions less investments in fixed assets and capitalized system and test development costs.

The following represents the reserve balances by entity at December 31, 2025 and 2024:

|                       | <u>2025</u>           | <u>2024</u>           |
|-----------------------|-----------------------|-----------------------|
| CSBS                  | \$ 6,362,508          | \$ 5,687,896          |
| Foundation            | 3,155,185             | 2,892,624             |
| SRR                   | <u>134,349,086</u>    | <u>132,073,716</u>    |
| <b>Total Reserves</b> | <u>\$ 143,866,779</u> | <u>\$ 140,654,236</u> |

***NET ASSETS WITH DONOR RESTRICTIONS***

Net assets with donor restrictions have been donor restricted by specified time or purpose limitations. CSBS' donor-restricted net assets for specified purpose consist of \$14,484,622 and \$14,549,270 as of December 31, 2025 and 2024, respectively. This restricted fund represents the remaining portion of the National Mortgage Settlement distributed to CSBS. In addition to the restricted portion, the settlement fund has earned \$8,053,389 in interest since inception.

As of December 31, 2025 and 2024, the Foundation held net assets with donor restrictions of \$11,138 for the Samuel Weinrott Memorial Scholarship Fund. The donors of the scholarship fund have stipulated that the corpus of the fund must remain in perpetuity. The earnings from the scholarship fund are restricted to provide scholarships to bank examiners at graduate schools for banking.

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**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

***VENDOR RELATIONSHIP***

SRR has contracted with the Financial Industry Regulatory Authority, Inc. (FINRA) to develop and host NMLS. FINRA also provides development support for NMLS education and testing components. Given the size of the FINRA services contract, a disruption in the capabilities provided by FINRA could have a detrimental impact on CSBS.

**NOTE 11 – LEASES**

In December 2021, CSBS signed an operating lease for office space at 1300 I Street N.W., Washington, D.C., which commenced in March 2022 and expires in December 2036. The lease contains an annual 2.5% escalation and requires CSBS to pay its proportionate share of operating expenses and real estate taxes. As incentives to lease the space, CSBS was provided a tenant allowance of \$5,976,407 to be applied to construction costs and a limited amount of furniture, fixtures and equipment and 24 months of rent abatement. In addition, CSBS leases various office equipment under agreements that span from four to five years. Operating lease costs are recognized on a straight-line basis over the lease term.

Future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the lease liabilities recognized on the consolidated statement of financial position as of December 31, 2025, is as follows:

| For the Year Ending December 31,                | Amount               |
|---|----------------------|
| 2026  | \$ 1,775,110         |
| 2027  | 1,806,684            |
| 2028  | 1,848,097            |
| 2029  | 1,892,944            |
| 2030  | 1,940,435            |
| Thereafter                                      | <u>12,704,838</u>    |
| <b>Total Lease Payments</b>                     | 21,968,108           |
| Less: Present value discount                    | <u>(2,282,399)</u>   |
| <b>Total Present Value of Lease Liabilities</b> | <u>\$ 19,685,709</u> |

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**NOTE 11 – LEASES (CONTINUED)**

Supplemental information related to leases is as follows as of and for the years ended December 31, 2025 and 2024:

|   | 2025         | 2024         |
|---|--------------|--------------|
| Operating lease cost                                    | \$ 1,141,148 | \$ 1,142,566 |
| Operating lease liability                               | 19,685,709   | 20,898,350   |
| Operating lease right-of-use asset, net of amortization | 10,079,465   | 10,840,087   |
| Weighted-average remaining lease term (in years)        | 10.99        | 11.98        |
| Weighted-average discount rate                          | 1.96%        | 1.96%        |

**NOTE 12 – FUNCTIONAL PRESENTATION OF EXPENSES**

Expenses by nature and function for the years ended December 31, 2025 and 2024, are as follows:

|  | 2025                         |                               |                     |                              |                           |                      |
|--|------------------------------|-------------------------------|---------------------|------------------------------|---------------------------|----------------------|
|  | Program Services             |                               |                     |                              | Supporting Services       |                      |
|  | NMLS, SES and<br>Call Center | Regulatory and<br>Legislative | Education           | Total<br>Program<br>Services | Management<br>and General | Total                |
| Salaries and benefits                          | \$ 20,290,730                | \$ 7,202,902                  | \$ 2,339,945        | \$ 29,833,577                | \$ 13,950,702             | \$ 43,784,279        |
| Professional services                          | 12,076,394                   | 54,475                        | 314,365             | 12,445,234                   | 3,253,103                 | 15,698,337           |
| Technology and<br>other software costs         | 10,685,608                   | 2,399                         | 270,486             | 10,958,493                   | 3,413,399                 | 14,371,892           |
| Amortization and depreciation                  | 6,279,804                    | --                            | --                  | 6,279,804                    | 955,039                   | 7,234,843            |
| General office                                 | 3,904,494                    | 137,121                       | 262,544             | 4,304,159                    | 813,242                   | 5,117,401            |
| Staff, board and member travel<br>and meetings | 801,405                      | 153,414                       | 2,004,502           | 2,959,321                    | 1,112,034                 | 4,071,355            |
| Rent and occupancy                             | 1,764,448                    | 211,734                       | 47,052              | 2,023,234                    | 329,364                   | 2,352,598            |
| <b>Total Expenses</b>                          | <u>\$ 55,802,883</u>         | <u>\$ 7,762,045</u>           | <u>\$ 5,238,894</u> | <u>\$ 68,803,822</u>         | <u>\$ 23,826,883</u>      | <u>\$ 92,630,705</u> |

**CONFERENCE OF STATE BANK SUPERVISORS, INC.  
AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended December 31, 2025 and 2024

**NOTE 12 – FUNCTIONAL PRESENTATION OF EXPENSES (CONTINUED)**

|  | 2024                         |                               |                     |                              |                           |                      |
|--|------------------------------|-------------------------------|---------------------|------------------------------|---------------------------|----------------------|
|  | Program Services             |                               |                     | Total<br>Program<br>Services | Supporting<br>Services    |                      |
|  | NMLS, SES<br>and Call Center | Regulatory and<br>Legislative | Education           |                              | Management<br>and General | Total                |
| Salaries and benefits                          | \$ 18,058,028                | \$ 6,272,642                  | \$ 1,619,396        | \$ 25,950,066                | \$ 12,021,029             | \$ 37,971,095        |
| Professional services                          | 10,347,545                   | 29,499                        | 388,815             | 10,765,859                   | 3,813,429                 | 14,579,288           |
| Technology and<br>other software costs         | 10,866,875                   | 190                           | 182,156             | 11,049,221                   | 3,782,189                 | 14,831,410           |
| Amortization and depreciation                  | 4,402,239                    | --                            | --                  | 4,402,239                    | 934,748                   | 5,336,987            |
| General office                                 | 3,517,804                    | 221,240                       | 234,839             | 3,973,883                    | 711,113                   | 4,684,996            |
| Staff, board and member travel<br>and meetings | 843,646                      | 152,169                       | 1,971,340           | 2,967,155                    | 954,929                   | 3,922,084            |
| Rent and occupancy                             | <u>1,117,026</u>             | <u>134,042</u>                | <u>29,787</u>       | <u>1,280,855</u>             | <u>208,510</u>            | <u>1,489,365</u>     |
| <b>Total Expenses</b>                          | <u>\$ 49,153,163</u>         | <u>\$ 6,809,782</u>           | <u>\$ 4,426,333</u> | <u>\$ 60,389,278</u>         | <u>\$ 22,425,947</u>      | <u>\$ 82,815,225</u> |

**NOTE 13 – SUBSEQUENT EVENTS**

CSBS has evaluated subsequent events through May 18, 2026, the date on which the consolidated financial statements were available to be issued. No events were identified that required recognition or disclosure in these consolidated financial statements.

**SUPPLEMENTARY INFORMATION**

**CONFERENCE OF STATE BANK SUPERVISORS, INC.  
AND AFFILIATES**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

December 31, 2025

|  | CSBS                         | Foundation                 | SRR                          | Eliminations                   | Total                        |
|--|------------------------------|----------------------------|------------------------------|--------------------------------|------------------------------|
| <b>Assets</b>  |                              |                            |                              |                                |                              |
| Cash and cash equivalents  | \$ 9,051,363                 | \$ 334,139                 | \$ 45,514,616                | \$ --                          | \$ 54,900,118                |
| Accounts receivable, less allowance for expected credit losses of \$43,930 | 526,748                      | 301,994                    | 1,949,539                    | --                             | 2,778,281                    |
| Investments  | 28,845,066                   | 2,609,443                  | 102,462,295                  | --                             | 133,916,804                  |
| Prepaid expenses and other   | 1,989,776                    | 986,199                    | 1,297,614                    | --                             | 4,273,589                    |
| Deferred compensation investments  | 3,464,119                    | --                         | --                           | --                             | 3,464,119                    |
| Operating lease right-of-use assets, net                                   | 10,079,465                   | --                         | --                           | --                             | 10,079,465                   |
| Property and equipment, net  | 5,965,031                    | --                         | 46,065,721                   | --                             | 52,030,752                   |
| Due from affiliates  | 4,411,981                    | 672,268                    | 329,864                      | (5,414,113)                    | --                           |
| Investment in subsidiary   | <u>180,414,807</u>           | <u>--</u>                  | <u>--</u>                    | <u>(180,414,807)</u>           | <u>--</u>                    |
| <b>Total Assets</b>  | <b><u>\$ 244,748,356</u></b> | <b><u>\$ 4,904,043</u></b> | <b><u>\$ 197,619,649</u></b> | <b><u>\$ (185,828,920)</u></b> | <b><u>\$ 261,443,128</u></b> |
| <b>Liabilities and Net Assets</b>  |                              |                            |                              |                                |                              |
| <b>Liabilities</b>   |                              |                            |                              |                                |                              |
| Accounts payable and accrued expenses                                      | \$ 6,526,876                 | \$ 289,708                 | \$ 9,906,181                 | \$ --                          | \$ 16,722,765                |
| Deferred revenue   | 3,382,456                    | 1,169,165                  | 2,938,343                    | --                             | 7,489,964                    |
| Funds held for others  | 3,687,280                    | --                         | --                           | --                             | 3,687,280                    |
| Deferred compensation obligation   | 3,464,119                    | --                         | --                           | --                             | 3,464,119                    |
| Operating lease liabilities, net   | 19,685,709                   | --                         | --                           | --                             | 19,685,709                   |
| Due to affiliates  | <u>774,948</u>               | <u>278,847</u>             | <u>4,360,318</u>             | <u>(5,414,113)</u>             | <u>--</u>                    |
| <b>Total Liabilities</b>   | <b><u>37,521,388</u></b>     | <b><u>1,737,720</u></b>    | <b><u>17,204,842</u></b>     | <b><u>(5,414,113)</u></b>      | <b><u>51,049,837</u></b>     |
| <b>Net Assets</b>  |                              |                            |                              |                                |                              |
| Without donor restrictions:  |                              |                            |                              |                                |                              |
| Investments in capitalized assets and development cost                     | 52,030,752                   | --                         | 46,065,721                   | (46,065,721)                   | 52,030,752                   |
| Designated for reserves and development                                    | 140,711,594                  | 3,155,185                  | 134,349,086                  | (134,349,086)                  | 143,866,779                  |
| With donor restrictions  | <u>14,484,622</u>            | <u>11,138</u>              | <u>--</u>                    | <u>--</u>                      | <u>14,495,760</u>            |
| <b>Total Net Assets</b>  | <b><u>207,226,968</u></b>    | <b><u>3,166,323</u></b>    | <b><u>180,414,807</u></b>    | <b><u>(180,414,807)</u></b>    | <b><u>210,393,291</u></b>    |
| <b>Total Liabilities and Net Assets</b>                                    | <b><u>\$ 244,748,356</u></b> | <b><u>\$ 4,904,043</u></b> | <b><u>\$ 197,619,649</u></b> | <b><u>\$ (185,828,920)</u></b> | <b><u>\$ 261,443,128</u></b> |

*See Independent Auditors' Report*

**CONFERENCE OF STATE BANK SUPERVISORS, INC.  
AND AFFILIATES**

**CONSOLIDATING STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2025

|   | CSBS                  | Foundation          | SRR                   | Eliminations            | Total                 |
|---|-----------------------|---------------------|-----------------------|-------------------------|-----------------------|
| <b>Revenue</b>                                    |                       |                     |                       |                         |                       |
| NMLS processing fees                              | \$ --                 | \$ --               | \$ 74,085,510         | \$ --                   | \$ 74,085,510         |
| NMLS professional services, net                   | --                    | --                  | 12,533,728            | --                      | 12,533,728            |
| Membership dues                                   | 7,449,581             | --                  | --                    | --                      | 7,449,581             |
| Meeting registration fees                         | 108,580               | 2,119,058           | 327,354               | --                      | 2,554,992             |
| Accreditation of banking and mortgage departments | --                    | 290,000             | --                    | --                      | 290,000               |
| Other income                                      | 38,066                | 30,582              | --                    | --                      | 68,648                |
| Investment income, net                            | 2,986,136             | 258,987             | 8,083,215             | --                      | 11,328,338            |
| Grants from affiliates                            | 2,090,994             | 3,146,051           | --                    | (5,237,045)             | --                    |
| Gain on equity investment in subsidiary           | 15,082,113            | --                  | --                    | (15,082,113)            | --                    |
| <b>Total Revenue Without Donor Restrictions</b>   | <u>27,755,470</u>     | <u>5,844,678</u>    | <u>95,029,807</u>     | <u>(20,319,158)</u>     | <u>108,310,797</u>    |
| <b>Expenses</b>                                   |                       |                     |                       |                         |                       |
| <b>Direct Program Expenses:</b>                   |                       |                     |                       |                         |                       |
| NMLS and SES system operations                    | --                    | --                  | 23,627,851            | --                      | 23,627,851            |
| NMLS call center                                  | --                    | --                  | 5,631,899             | --                      | 5,631,899             |
| NMLS professional services                        | --                    | --                  | 808,668               | --                      | 808,668               |
| Professional services –legal, audit and other     | 294,916               | 360,751             | 3,804,849             | --                      | 4,460,516             |
| Staff, board and member travel and meetings       | 744,288               | 2,014,926           | 1,312,141             | --                      | 4,071,355             |
| Grants to affiliates                              | 1,255,913             | --                  | 3,981,132             | (5,237,045)             | --                    |
| <b>Staffing and administrative expenses:</b>      |                       |                     |                       |                         |                       |
| Salaries and benefits                             | 8,733,258             | 2,539,910           | 32,511,111            | --                      | 43,784,279            |
| Technology and general office                     | 569,334               | 599,844             | 5,571,964             | --                      | 6,741,142             |
| Rent and occupancy                                | 740,230               | 66,686              | 2,698,079             | --                      | 3,504,995             |
| <b>Total Expenses</b>                             | <u>12,337,939</u>     | <u>5,582,117</u>    | <u>79,947,694</u>     | <u>(5,237,045)</u>      | <u>92,630,705</u>     |
| <b>Change in Net Assets</b>                       | 15,417,531            | 262,561             | 15,082,113            | (15,082,113)            | 15,680,092            |
| <b>Net Assets, Beginning of Year</b>              | <u>191,809,437</u>    | <u>2,903,762</u>    | <u>165,332,694</u>    | <u>(165,332,694)</u>    | <u>194,713,199</u>    |
| <b>Net Assets, End of Year</b>                    | <u>\$ 207,226,968</u> | <u>\$ 3,166,323</u> | <u>\$ 180,414,807</u> | <u>\$ (180,414,807)</u> | <u>\$ 210,393,291</u> |

*See Independent Auditors' Report*