

State Regulatory Registry LLC

Financial Report
December 31, 2021

Contents

Independent auditor's report	1-2
<hr/>	
Financial statements	
Statements of financial position	3
Statements of operations and member's equity	4
Statements of cash flows	5
Notes to financial statements	6-13



RSM US LLP

Independent Auditor's Report

Board of Managers
State Regulatory Registry LLC

Opinion

We have audited the statements of State Regulatory Registry LLC (SRR), a limited liability company whose sole member is the Conference of State Bank Supervisors, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of operations and member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SRR as of December 31, 2021 and 2020, and the results of its operations 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SRR and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 SRR's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).

Auditor's 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 auditor's 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 SRR'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 SRR'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.

RSM US LLP

Washington, D.C.
June 24, 2022

State Regulatory Registry LLC

Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 76,468,902	\$ 77,827,550
Accounts receivable, net	341,445	478,053
Investments	70,017,583	67,912,030
Prepaid expenses and other	1,038,384	692,897
Due from related parties, net	1,301,685	970,452
Property and equipment, net	67,977,645	42,522,278
	<u>67,977,645</u>	<u>42,522,278</u>
Total assets	<u>\$ 217,145,644</u>	<u>\$ 190,403,260</u>
Liabilities and Member's Equity		
Liabilities:		
Accounts payable and accrued expenses	\$ 10,264,465	\$ 13,383,907
Deferred revenue	1,857,294	1,612,338
Due to related party, net	7,385,917	5,182,458
Total liabilities	<u>19,507,676</u>	<u>20,178,703</u>
Commitments and contingencies (Note 7)		
Member's equity:		
Undesignated	67,977,644	42,522,278
Designated for reserves and development	129,660,324	127,702,279
Total member's equity	<u>197,637,968</u>	<u>170,224,557</u>
Total liabilities and member's equity	<u>\$ 217,145,644</u>	<u>\$ 190,403,260</u>

See notes to financial statements.

State Regulatory Registry LLC

**Statements of Operations and Member's Equity
Years Ended December 31, 2021 and 2020**

	2021	2020
Revenue:		
NMLS processing fees	\$ 73,214,204	\$ 59,450,432
NMLS professional services, net	19,177,057	15,579,168
Registration fees	293,122	202,000
Net investment income	2,111,652	4,932,735
Total revenue and support	94,796,035	80,164,335
Expenses:		
Program expenses:		
NMLS system operations	17,861,703	18,055,172
NMLS professional services	817,288	958,472
NMLS—call center	5,998,619	4,638,979
Professional services—legal, audit and other	4,834,040	6,354,797
Staff, board and member travel/meetings	233,374	603,309
Grants to CSBS and Education Foundation	2,547,705	3,217,495
Staffing and administrative expenses:		
Salaries and benefits	25,385,559	25,382,273
Technology and general office	6,259,551	5,615,066
Rent and occupancy	2,020,699	2,005,929
Impairment loss—SES and NMLS development costs	1,424,086	1,340,013
Total expenses	67,382,624	68,171,505
Change in member's equity	27,413,411	11,992,830
Member's equity		
Beginning	170,224,557	158,231,727
Ending	\$ 197,637,968	\$ 170,224,557

See notes to financial statements.

State Regulatory Registry LLC

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in member's equity	\$ 27,413,411	\$ 11,992,830
Adjustments to reconcile change in member's equity to net cash provided by operating activities:		
Depreciation and amortization	3,843,026	3,569,451
Loss on impairment—NMLS development costs	1,424,086	1,340,013
Realized and unrealized gain on investments	(684,578)	(3,687,700)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	136,608	67,214
Prepaid expenses	(345,487)	(481,531)
Increase (decrease) in:		
Accounts payable and accrued expenses	(3,119,442)	6,800,934
Due to related parties, net	1,872,226	1,194,824
Deferred revenue	244,956	178,552
Net cash provided by operating activities	30,784,806	20,974,587
Cash flows from investing activities:		
Purchases of property and equipment	(30,722,479)	(17,368,845)
Purchases of investments	(3,130,627)	(27,228,755)
Proceeds from sales of investments	1,709,652	26,174,028
Net cash used in investing activities	(32,143,454)	(18,423,572)
Net (decrease) increase in cash and cash equivalents	(1,358,648)	2,551,015
Cash and cash equivalents:		
Beginning	77,827,550	75,276,535
Ending	\$ 76,468,902	\$ 77,827,550

See notes to financial statements.

State Regulatory Registry LLC

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: The State Regulatory Registry LLC (SRR) operates Nationwide Multistate Licensing System and Registry (NMLS) on behalf of state financial services regulatory agencies. SRR is governed by an eight-member Board of Managers comprised of state banking and financial regulators and a representative of the American Association of Residential Mortgage Regulators (AARMR). The SRR Board of Managers is responsible for all development, operations and policy matters concerning NMLS.

SRR is a single-member limited liability company owned entirely by the Conference of State Bank Supervisors, Inc. (the Conference) and is, therefore, consolidated with the Conference and its affiliates. The Conference was founded in 1902 as a nonprofit organization. The primary purpose of the Conference is 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.

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 nondepository 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 nondepository 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.

A summary of SRR's significant accounting policies follows:

Income taxes: As a single-member limited liability company, SRR is treated as a disregarded entity for income tax purposes. Thus, SRR's financial activity is reported in conjunction with the federal income tax filings of the Conference.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents: For financial statement purposes, SRR 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 consist of equity securities. All investments have been classified as available-for-sale securities as of December 31, 2021 and 2020. 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: SRR maintains demand deposits and overnight treasury fund sweep accounts with commercial banks. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. SRR 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.

State Regulatory Registry LLC

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

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

Accounts receivable: Accounts receivable consist primarily of NMLS processing fees for system transactions pending final processing by the bank, education course and credit banking fees and registration fees for user training courses. Accounts receivable are presented at the net amount due to SRR (i.e., gross amount less allowance, if any). SRR's management periodically reviews the status of all accounts receivable balances for collectibility. Each receivable balance is assessed based on management's knowledge of the customer, SRR's relationship with the customer and the age of the receivable balance. SRR has established an allowance for doubtful accounts to estimate the portion of receivables that will not be collected. The allowance was less than \$2,000 as of both December 31, 2021 and 2020. This allowance is regularly reviewed by management.

Property and equipment: Acquisitions of property and equipment greater than \$5,000 are recorded at cost. The initial capitalized development costs of NMLS began amortizing when the system went live on January 2, 2008, and they have been fully amortized over the system's estimated useful life of seven years. The capitalized development costs of each subsequent update release version begins amortizing when the release becomes operational, and is amortized over the estimated useful lives of each release, which has also been determined to be seven years.

SRR's various information technology applications are currently in the process of being upgraded. Accordingly, SRR had capitalized work-in-progress development costs of \$46,901,403 and \$26,524,533 within the NMLS development category as of the years ended December 31, 2021 and 2020, respectively. Amortization of these amounts will begin when the assets are placed into service.

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. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. During the years ended December 31, 2021 and 2020, management determined that intangible costs within capitalized State Examination Services (SES) and NMLS development costs totaling \$1,424,086 and \$1,336,013, respectively, were considered to be impaired, thus, a loss was recorded within the statements of operations and member's equity.

Member's equity: SRR has designated a portion of its member's equity as a reserve for the continued future maintenance and upgrading of NMLS.

State Regulatory Registry LLC

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Revenue: SRR's activities are primarily supported through NMLS license processing fees and NMLS professional 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 SRR. Periods of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of SRR.

SRR did not have any impairment or credit losses 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, 2021 and 2020, license processing and credit card processing revenue recognized at a point in time totaled \$69,685,972 and \$56,529,784, 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, 2021 and 2020, subscription revenue recognized over time totaled \$3,528,232 and \$2,920,648, respectively.

NMLS professional fees: 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 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, 2021 and 2020, state and national test fees, fingerprinting fees, and credit report fees revenue recognized at a point in time totaled \$11,931,907 and \$9,624,896, respectively, net of expenses paid to the third-party providers.

State Regulatory Registry LLC

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

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 SRR has recorded the course completion details in the NMLS. For the years ended December 31, 2021 and 2020, course provider fees recognized at a point in time totaled \$7,195,903 and \$5,915,300, respectively.

Allocation of functional expenses: Expenses have been summarized on a functional basis in Note 9. 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.

Reclassifications: Certain amounts relating to the prior year have been reclassified to conform to the current year presentation with no effect on the previously reported change in net assets.

Subsequent events: Subsequent events have been evaluated through June 24, 2022, which is the date the financial statements were available to be issued.

Note 2. Fair Value Measurements and Investments

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. As required by the Fair Value Measurement topic, SRR does not adjust the quoted prices for these investments even in situations where SRR holds a large position and a sale could reasonably impact the quoted price.

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. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement. There were no Level 2 inputs for any assets or liabilities held by SRR at December 31, 2021 and 2020.

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 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 SRR at December 31, 2021 and 2020.

State Regulatory Registry LLC

Notes to Financial Statements

Note 2. Fair Value Measurements and Investments (Continued)

The following is a summary of the input levels used to determine fair values, measured on a recurring basis, of the investment assets at December 31, 2021 and 2020:

	2021			
	Total	Level 1	Level 2	Level 3
Fixed-income mutual funds	\$ 54,837,001	\$ 54,837,001	\$ -	\$ -
Equity mutual funds	13,191,947	13,191,947	-	-
Equity ETFs	1,975,922	1,975,922	-	-
Fixed-income ETFs	12,151	12,151	-	-
Money market funds	562	562	-	-
Investments carried at fair value	<u>\$ 70,017,583</u>	<u>\$ 70,017,583</u>	<u>\$ -</u>	<u>\$ -</u>

	2020			
	Total	Level 1	Level 2	Level 3
Fixed-income mutual funds	\$ 53,774,456	\$ 53,774,456	\$ -	\$ -
Equity mutual funds	12,342,485	12,342,485	-	-
Equity ETFs	1,770,503	1,770,503	-	-
Fixed-income ETFs	12,381	12,381	-	-
Money market funds	12,205	12,205	-	-
Investments carried at fair value	<u>\$ 67,912,030</u>	<u>\$ 67,912,030</u>	<u>\$ -</u>	<u>\$ -</u>

Note 3. Related-Party Transactions

Due to/from related party—Conference: Since 2007, the Boards of the Conference and SRR have orally agreed to allow certain expenses to be paid by the Conference as an administrative convenience to SRR. In addition, SRR may incur certain costs on behalf of the Conference. The Conference reimburses SRR for these costs. The net payable amount due to the Conference was \$6,073,670 at December 31, 2021. The net receivable amount due from the Conference was \$4,117,823 at December 31, 2020.

Due to/from related party—CSBS Education Foundation: At December 31, 2018, CSBS Education Foundation (the Foundation) owed SRR \$19,912 for expenses paid by SRR on the Foundation's behalf. At December 31, 2021 and 2020, SRR owed the Foundation \$10,562 and \$94,183, respectively, for expenses paid by the Foundation on SRR's behalf.

Grants to affiliates: For the years ended December 31, 2021 and 2020, SRR made unconditional grants to the Foundation of \$612,705 and \$1,067,495, respectively. The grants to the Foundation represent general support for the Foundation's education programs. For the years ended December 31, 2021 and 2020, SRR made an unconditional grant to the Conference in the amount of \$1,935,000 and \$2,150,000, respectively. The grants to the Conference are for the purpose of reimbursing the Conference for nondepository activities performed in support of SRR's program.

Expense allocations: The Conference pays the payroll costs of the employees allocated to SRR and certain other costs. Benefit costs, such as health insurance premiums and retirement plan costs, are allocated on the basis of each department's or entity's percentage of total salaries. Administrative and overhead costs, such as rent for SRR's portion of office space, are allocated on the basis of the percentage of office space each department's or entity's employees occupy at the Conference's D.C. offices.

State Regulatory Registry LLC

Notes to Financial Statements

Note 3. Related-Party Transactions (Continued)

Total costs allocated by the Conference to SRR were as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Salaries and benefits	\$ 10,224,679	\$ 8,990,859
Rent and occupancy	2,020,699	2,005,929
Overhead and administrative services	5,447,826	6,821,053
Total allocated costs	<u>\$ 17,693,204</u>	<u>\$ 17,817,841</u>

Note 4. Property and Equipment

Net property and equipment consisted of the following at December 31, 2021 and 2020:

	2021	2020
SES and NMLS development	\$ 118,940,742	\$ 89,808,073
NMLS capitalized test development costs	869,961	869,961
Cogent Background Check Automation System	505,838	505,838
	120,316,541	91,183,872
Less accumulated amortization	<u>(52,338,896)</u>	<u>(48,661,594)</u>
Total property and equipment, net	<u>\$ 67,977,645</u>	<u>\$ 42,522,278</u>

Note 5. Reserves

In May 2014, SRR established a formal reserve policy. The primary purposes of the reserves are to ensure that SRR is financially prepared to meet the needs for planned system enhancements as well as uninsurable risks. Reserves are defined as total member's equity less investments in items such as NMLS development costs and capitalized test development costs. Thus, the reserve balance at December 31, 2021 and 2020, was \$129,660,352 and \$127,702,279, respectively.

Note 6. Liquidity

SRR 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 overnight treasury sweep accounts with commercial banks, mutual funds and ETFs.

The following table reflects SRR's financial assets that are available to meet general expenditures within one year of the statements of financial position date at December 31, 2021 and 2020. Amounts not available are primarily board-designated funds as determined under SRR's 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-restricted funds for liquidity purposes, the reserves could be drawn upon through board resolution.

State Regulatory Registry LLC

Notes to Financial Statements

Note 6. Liquidity (Continued)

	2021	2020
Cash and cash equivalents	\$ 76,468,902	\$ 77,827,550
Accounts receivable	341,445	478,053
Investments	70,017,583	67,912,030
Total financial assets	<u>146,827,930</u>	<u>146,217,633</u>
Board-designated funds	<u>(129,660,324)</u>	<u>(127,702,279)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 17,167,606</u>	<u>\$ 18,515,354</u>

Note 7. Commitments and Contingencies

Vendor relationship: The development of NMLS and its update releases is performed by the Financial Industry Regulatory Authority (FINRA). FINRA is also contracted to provide 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 SRR.

NMLS modernization: To incorporate the latest technology and streamline the license approval process, the redesign of NMLS started in July 2020. Through 2021, efforts on this project have continued.

COVID-19: The coronavirus and actions taken to mitigate its spread have had and are expected to continue to have an adverse impact on the economy and financial markets. It is unknown how long the current conditions associated with the coronavirus will last and what the complete financial effect will be to SRR.

State Regulatory Registry LLC

Notes to Financial Statements

Note 8. Functional Presentation of Expenses

The schedules of functional expenses at December 31, 2021 and 2020, were as follows:

	2021		
	Program Services	Management and General	Total
	NMLS		
Expenses:			
NMLS system operations	\$ 17,861,703	\$ -	\$ 17,861,703
NMLS professional services	817,288	-	817,288
NMLS—call center	5,998,619	-	5,998,619
Professional services—legal, audit and other	2,406,806	2,427,234	4,834,040
Staff, board and member travel/meetings	135,146	98,228	233,374
Grants to CSBS and Education Foundation	2,547,705	-	2,547,705
Salaries and benefits	17,757,862	7,627,697	25,385,559
Technology and general office	3,074,663	3,184,888	6,259,551
Rent and occupancy	1,804,195	216,504	2,020,699
Impairment loss	1,424,086	-	1,424,086
Total expenses by nature and function	<u>\$ 53,828,073</u>	<u>\$ 13,554,551</u>	<u>\$ 67,382,624</u>
	2020		
	Program Services	Management and General	Total
	NMLS		
Expenses:			
NMLS system operations	\$ 18,055,172	\$ -	\$ 18,055,172
NMLS professional services	958,472	-	958,472
NMLS—call center	4,638,979	-	4,638,979
Professional services—legal, audit and other	3,603,934	2,750,863	6,354,797
Staff, board and member travel/meetings	531,077	72,232	603,309
Grants to CSBS and Education Foundation	3,217,495	-	3,217,495
Salaries and benefits	18,046,949	7,335,324	25,382,273
Technology and general office	2,806,635	2,808,431	5,615,066
Rent and occupancy	1,791,008	214,921	2,005,929
Impairment loss	1,340,013	-	1,340,013
Total expenses by nature and function	<u>\$ 54,989,734</u>	<u>\$ 13,181,771</u>	<u>\$ 68,171,505</u>