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### TXCPA'S 2025-26 YEAR IN REVIEW



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<b>APR 23</b>	WEBINAR Texas Taxes 2026 Quarterly Update Q1 APRIL 23, 2026, 12:00 PM CT - 1:00 PM CT
<b>MAY</b>	CONFERENCE

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#### ALSO INSIDE

CARB vs. No-CARB - The California Climate Accountability Package

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## Celebrating Progress. Shaping What's Next.

As we close the 2025-2026 membership year, this issue of *Today's CPA* offers an opportunity to pause, reflect and celebrate what we've accomplished together – while also turning our attention to the future of the profession and our organization.

Our cover story, "Building What's Next: TXCPA's 2025-26 Year in Review," captures the scope of that progress. From advocacy wins and expanded professional learning opportunities to meaningful investments in technology, volunteer leadership and member engagement, this year's accomplishments reflect the power of a connected

“As we celebrate the progress of 2025-2026, we are already focused on what comes next.”

member community. These successes belong to you – those who gave your time, talents and energy, and helped move the profession forward.

You'll also find important insights across this issue that underscore the evolving role of CPAs. Our accounting and auditing article explores the California Climate Accountability Package and its broader implications, while our Governmental Affairs update keeps you informed on issues shaping the regulatory environment here in Texas and across the country. Feature articles examine positioning strategies for CAS firms and option-based contracts and foreign currency transactions, all timely content designed to support you in a changing marketplace.

We're equally proud to highlight the profession's impact beyond the balance sheet. In "Spotlight on the Accounting Profession," the Justice for Fraud Victims Project showcases how a Texas university, a CPA professor and an accounting firm are expanding an important initiative to serve the public interest.

As we celebrate the progress of 2025-2026, we are already focused on what comes next. The work ahead will continue to broaden opportunities,

embrace innovation and advocate for the profession. And it will all continue to be fueled by the engagement of our members, volunteers and leaders. I encourage you to attend the [Annual Meeting of Members](#) on June 24-25 in San Antonio, participate in committees, add your voice to our advocacy efforts, and connect with your peers across Texas.

Together, let's honor what we've achieved and commit to shaping an even stronger future for the profession in 2026-2027.

Thank you for your membership!

TXCPA President and CEO Jodi Ann Ray, CAE

### How can we help?

I'd love to hear your feedback and answer your questions. Drop me a note at [jray@tx.cpa](mailto:jray@tx.cpa) or connect with me on LinkedIn at [linkedin.com/in/jodiannlafreniereray/](https://www.linkedin.com/in/jodiannlafreniereray/).

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# CARB vs. No-CARB

## The California Climate Accountability Package

**W**hile deference may be given to the Kyoto Protocol<sup>1</sup> as the standard for reporting greenhouse gas emissions (GHG), the International Federation of Accountants and the International Auditing and Assurance Standards Board sounded the clarion call to disclose GHG emissions in 1977 and 1978. In the half-century since, there has been a cornucopia of standards and frameworks developed not only to address emissions, but climate risks as well. Recent bills enacted by the California Senate will add to the environmental-disclosures burden, which corporations may already be mandated to or voluntarily provide. As such, these expansive and expensive obligations might easily be considered punitive if not onerous.

### THE CALIFORNIA CLIMATE ACCOUNTABILITY PACKAGE

The latest entries into the fray include Senate Bills 253 and 261 referred to as the California Climate Accountability Package.<sup>2</sup> SB 253, the Climate Corporate Data Accountability Act, would address Scopes 1, 2 and 3 GHG emissions while SB 261, the Climate Related Financial Risk Act, would address climate risks and measures adopted to reduce and adapt to the risks. Each act would be based respectively on the principles of the GHG Protocol<sup>3</sup> and the Task Force on Climate Related Financial Disclosures (TCFD).<sup>4</sup> According to early-stage proposals, covered entities would be those doing business in California whether or not they had a physical presence in the state. These acts are expected to cover

well over 5,000 companies.

The template drafted by the California Air Resources Board (CARB) to report GHG emissions contemplates detailed disaggregation of emissions data beyond the GHG Protocol, which requires reporting of emissions only by material greenhouse gas species in aggregate form.<sup>5</sup> It is worth noting that the GHG Protocol relies heavily on models and estimates for which companies must often use third-party information, industry averages and proxy data lacking verifiability and auditability. This forces entities to report emissions based on uncertain or unverifiable estimates.

Additionally, climate risk disclosures to be provided by companies to investors and other stakeholders would contain highly granular risk information on a number of subjects, including speculative projections about the resilience of each company's climate strategies and various hypothetical climate-change scenarios.

I believe the administrative and accounting processes required to comply with the laws could prove to be onerous and expensive. While a company like PepsiCo is pushing back its climate goals,<sup>6</sup> it may nonetheless be entirely responsive to the directives of the statutes. Exxon, on the



other hand, has chosen to resist. If Exxon prevails, California would need to revisit these newly enacted laws.

### PEPSICO AND CARB

California passed these corporate climate laws in October 2023. In the May/June 2025 issue of the *CPA Journal*, Ed Esposito, CPA, in his article "California Provides a Welcoming Environment for the Evolution of International Climate Disclosures,"<sup>7</sup> makes a compelling case for the California laws to be successful. He states that "Because the California laws are equivalent to the International

Financial Reporting Standards (IFRS) Sustainability Disclosure Standards,<sup>8</sup> they may come to be seen as the de facto standard on climate disclosures in the United States."

In December 2024, CARB solicited feedback from a wide range of stakeholders so as to develop approaches to implement the bills. Included in the solicitation were references to applicability, regulation standards and data reporting.<sup>9</sup> Between September and October 2025, CARB:



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- Produced a preliminary list of covered entities (Scoping)
- Developed a draft reporting template (GHG Emissions)
- Published a draft disclosure checklist (Climate Risk)

### SCOPING

According to the Global Industry Classification Standard (GICS),<sup>10</sup> companies that produce and distribute soft drinks and other non-alcoholic beverages are categorized in the sub-industry of the broader Consumer Staples sector. Prominent companies classified in this sub-industry include PepsiCo, Coca-Cola and Keurig Dr Pepper. PepsiCo is incorporated in North Carolina with the other

two incorporated in Delaware. Yet each would be defined as having nexus in California, given their listing on the California Secretary of State Business Entity public database.<sup>11</sup>

### GHG EMISSIONS

In its 2022 Environmental, Social and Governance (ESG) Summary, PepsiCo published indices and framework

responses and other topic-specific disclosures. Scope 1, 2 and 3 GHG emissions are disclosed in the Climate Disclosure Project (CDP) Climate Change Questionnaire.<sup>12</sup>

### CLIMATE RISK

PepsiCo increasingly adopted TCFD recommendations. This framework helps organizations identify, assess, disclose and manage nature-related dependencies, impacts, risks and opportunities (DIROs).

Also, the Science Based Targets initiative (SBTi)<sup>13</sup> requires companies in land-intensive industry sectors to set separate climate targets for their forest, land and agriculture (FLAG) emissions. PepsiCo includes disclosures related to FLAG in its annual ESG reports and climate transition plans. To meet its FLAG goals, PepsiCo collaborates with farmers to implement regenerative agriculture practices, which help reduce on-farm GHG emissions and sequester carbon in the soil.<sup>14</sup>

Considering the foregoing and with available information from PepsiCo's Form 10K, its annual financial report, its ESG Summary<sup>15</sup> and its CDP climate change questionnaire, I am certain the targeted disclosures sought in California's SB 253 and SB 261 laws would be readily available.

### EXXON AND NO-CARB

Exxon filed a suit in October 2025 against several officials with CARB, including Rob Bonta, California's Attorney General.<sup>16</sup> It argues that the laws overreach and impinge upon a company's First Amendment right of free speech. The complaint argues that the bills are all the more suspect because they compel speech only by companies above a certain annual revenue threshold. Exxon contends that the First Amendment bars California from pursuing a policy of stigmatization by forcing it to describe and disclose its non-California business activities using the State's preferred framing.

Exxon's GICS includes companies in the energy sector that produce and distribute oil, gas and consumable fuels. Chevron, Shell and BP would likewise be companies in this sector. The company, headquartered in Texas, stated it does not currently explore for, produce, manufacture, or transport crude oil or natural gas in California. It has no refining operations in California and the vast majority of its principal business operations occur outside of the state. The company engages in negligible greenhouse gas-emitting activities in California. Exxon stipulates that it already reports emissions and advances policy views in its annual voluntary Advancing Climate Solutions<sup>17</sup> reports.

Exxon further contends that the First Amendment "precedents are deeply skeptical" of laws that "distinguish among different speakers," requiring speech by some and not others.<sup>18</sup> The Court's past rulings would forbid California from compelling speech that serves ideological goals, whether of certain investors or other constituencies, and recognizes no valid state interest in regulating Exxon's speech to extra-territorially regulate its non-California activities.<sup>19</sup> As such, Exxon would be required to make public statements estimating its climate-related financial risk beyond what is required by the Securities and



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Exchange Commission in Form 10-K filings.

### OBSERVATIONS

Michael Littenberg, a corporate partner at the law firm Ropes & Gray, said the filing raised a key question of whether there would be a “pile-on effect” by other companies bringing similar challenges.<sup>20</sup> Also consider that the Chevron Doctrine, which established deference to federal administrative agencies, was successfully challenged in 2024.<sup>21</sup>

Interestingly, in an earlier lawsuit filed by the U.S. Chamber of Commerce and other business non-profit groups<sup>22</sup>, the judge allowed the First Amendment claim to continue. In an appeal to the Ninth Circuit, the plaintiff-appellants stated that the overarching intent of the California laws is to “embarrass” companies that do not fit California’s notion of “who’s green,”<sup>23</sup> and that each statute confirms on its face the State’s goal of stigmatizing companies for their supposed role in creating the “existential” threat of climate change.<sup>24</sup>

As to SB 253, the plaintiff-appellants state that the law:

- Forces each company to claim “third-party emissions” (GHG Protocol’s Scope 3 disclosures) as its own emissions.
- Precludes businesses from taking account of “avoided” or offsetting emissions, also known as “Scope 4.”<sup>25</sup>
- Goes much farther than a rule adopted by the SEC that declined to mandate Scope 3 disclosures and could require companies to renegotiate contracts with suppliers and customers.

As to SB 261, the plaintiff-appellants state that the law:

- Would obligate companies to address and speculate about various climate-related issues, including risks (and risk-management processes) ranging from cyclones to changes in government policies.

- Would require “scenario analysis” through modeling how the business would fair under hypothetical future climate conditions.
- Produce reports that would require predictive judgments about uncertain future events, inevitably shaped by subjective assumptions about climate science, economics and politics. These exercises would be required in spite of the TCFD acknowledging a “high degree of uncertainty” when assessing climate risk.

### POTENTIAL IMPLICATIONS OF CARB’S DISCLOSURE MANDATES

Could CARB have been shortsighted in mandating companies to publish such wide-ranging information and disclosures? While it may be too early to speculate how the appeal<sup>26</sup> to the United States Courts for the Ninth Circuit will be decided, the “unique” claim of a First Amendment violation might necessitate a Supreme Court ruling.

In the interim, how comprehensive will compliance and reporting be by the covered entities? Until the issue is

concluded, I wonder if entities might choose to pay less-costly fines for non-compliance and await a conclusive ruling about the validity of the laws.

### Footnotes

<sup>1</sup> [The Kyoto Protocol](#)

<sup>2</sup> [California Corporate Greenhouse Gas \(GHG\) Reporting and Climate Related Financial Risk Disclosure Programs](#)

<sup>3</sup> <https://ghgprotocol.org/>

<sup>4</sup> <https://www.fsb-tcfd.org/>

<sup>5</sup> *Exxon Mobil Corp. v. Lauren Sanchez*, 2:25-at-01462 (E.D. California), October 2025

<sup>6</sup> Hudson, Clara. “PepsiCo Is Pushing Back its Climate Goals. The Company Wants to Talk About It” *Wall Street Journal*, May 22, 2025.

<sup>7</sup> “California Provides a Welcoming Environment for the Evolution of International Climate Disclosures.” *CPA Journal*

<sup>8</sup> [IFRS General Sustainability-related Disclosures](#)

<sup>9</sup> [https://ww2.arb.ca.gov/sites/default/files/2025-01/ClimateDisclosureQs\\_Dec2024\\_v2.pdf](https://ww2.arb.ca.gov/sites/default/files/2025-01/ClimateDisclosureQs_Dec2024_v2.pdf)

<sup>10</sup> <https://www.msci.com/indexes/index-resources/gics>

<sup>11</sup> <https://www.sos.ca.gov/business-programs/business-entities>

<sup>12</sup> <https://www.cdp.net/en/disclosure-2025>

<sup>13</sup> <https://sciencebasedtargets.org/>

<sup>14</sup> <https://www.pepsico.com/esg-topics/agriculture>

<sup>15</sup> <https://www.pepsico.com/sustainability/report-downloads>

<sup>16</sup> *Exxon Mobil Corp. v. Lauren Sanchez*, supra p.1

<sup>17</sup> <https://corporate.exxonmobil.com/sustainability-and-reports/advancing-climate-solutions#Aboutthereport>

<sup>18</sup> *Exxon Mobile Corp*, supra p. 19.

<sup>19</sup> Id p. 24.

<sup>20</sup> <https://www.nytimes.com/2025/10/25/climate/exxon-california-lawsuit-free-speech.html>

<sup>21</sup> *Loper Bright Enterprise v. Raimondo*, 603 U.S. 369 (2024)

<sup>22</sup> *U.S. Chamber of Commerce v. Liane M. Randolph*, No. 2:24-cv-801 (9th Cir.), September 2025

<sup>23</sup> Id p. 5.

<sup>24</sup> Id p. 13.

<sup>25</sup> <https://plana.earth/glossary/scope-4-emissions>

<sup>26</sup> <https://www.ca9.uscourts.gov/media/video/?20260109/25-5327/>




## What this means for Texas CPAs

- California laws may apply to Texas clients even without a physical presence in the state.
- SB 253 mandates emissions reporting starting in 2026 (Scope 1 and 2) and 2027 (Scope 3).
- Supply chain pressure will drive broader emissions reporting.
- CPAs will play a key role in Scope 3 estimates, data quality and audit-ready documentation.
- Legal challenges continue, but SB 253 deadlines remain on track.




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## ADVOCACY UPDATE

# Elections and the 2027 Legislative Session are Right Around the Corner

BY KENNETH BESSERMAN, JD, LL.M.

While it seems that the 2025 session of the Texas Legislature just ended, TXCPA and its advocacy team are already planning for the 2027 session and what that might bring to the CPA profession. A large part of what will be on the Legislature's agenda for the 2027 session will depend on what happens with the 2026 election.

During the first few months of the 2026 election season (which started with the primaries in March 2026), the TXCPA Political Action Committee (TXCPA PAC) reviewed all 150 House races, half of the Senate races and all the statewide races that were on the ballot. The TXCPA PAC made contributions in many races both

state. The TXCPA PAC's recommendations are important for the CPA and accounting professions, and they help to send the message to candidates about our issues and why CPAs are important to the health and vibrancy of the Texas economy.

The March primaries did not see any significant changes or surprises. In the Texas House of Representatives, only three incumbents (one Democrat and two Republicans) lost their primary race. Those three seats will see new Representatives next year, although those three races will likely stay in the hands of the same party.

On the Senate side, no incumbent lost their primary race. However, in the Texas Senate, there will be at least five new Senators in 2027 because of retirements or Senators running for higher office.

While Texas is considered a "primary state" – meaning that whoever wins the primary (either Republican or Democrat) – usually wins the general election because most legislative seats are drawn to be Republican or Democratic seats – the 2026 general

election may upend the usual results. The TXCPA PAC will be watching and engaging in races in the general election, so watch for more information and updates.

The 2026 election will set the stage for the big issues in the 2027 Texas



Legislature. While property taxes, infrastructure and public education are always at the top of the list of legislative priorities, other issues are beginning to be discussed and studied during the interim. Data center development and construction have risen to the top of the list of [House](#) and [Senate](#) interim charges, along with homeowners insurance rates and artificial intelligence. TXCPA will be monitoring all the interim charges, and we will engage with the committees and provide resources that will help the profession.

The CPA profession may face regulatory pressures in 2027. After a very successful 2025 session – passing a new pathways to licensure bill and modernizing CPA practice mobility – efforts are underway nationwide to deregulate licensed professions. These efforts include consolidating boards of accountancy into bigger licensing agencies and lowering education and CPE requirements, all of which place the CPA license in jeopardy and would affect CPA practice mobility.

TXCPA and the CPA profession have long maintained a rigorous, self-regulated licensure system that has positioned CPAs as leaders among licensed professions. TXCPA will be looking closely at the efforts around the country in 2026 to deregulate the profession so that we can be well prepared for what might come to Texas.

## Your Voice Matters

Your engagement and support are essential to protect the CPA license and make Texas a national leader. The success of TXCPA's advocacy and our influence at the Capitol depend on members like you. Connect with our advocacy team, get involved with the TXCPA PAC and consider making a contribution [at this link](#) to support these critical efforts.

for the primary election and the general election in November. [Click here](#) to see the candidates who received TXCPA PAC contributions.

The TXCPA PAC is one of the largest and most influential business PACs in the

**KENNETH BESSERMAN, JD, LL.M.**, is TXCPA's Director of Government Affairs and Special Counsel. Contact him at [kbesserman@tx.cpa](mailto:kbesserman@tx.cpa).



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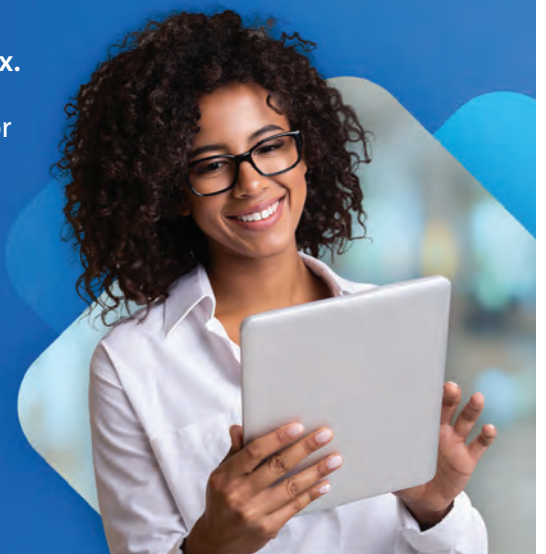
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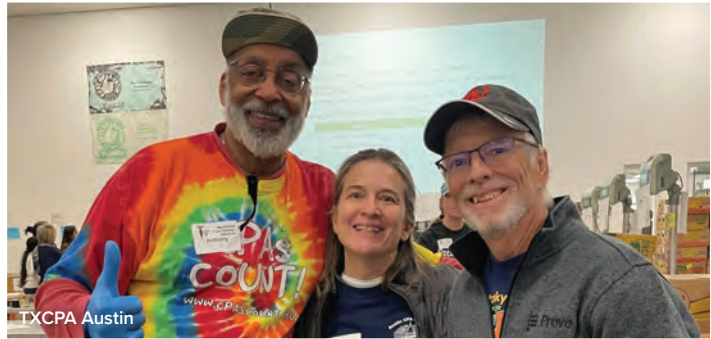
**In What's Happening Around Texas, we give you highlights of events and activities happening around the state in the TXCPA chapters.**

**TXCPA Austin's** amazing volunteers spent time serving at the Central Texas Food Bank, helping provide food, stability and hope to their neighbors who need it most. Their commitment made a real impact on the community. TXCPA Austin also hosted its Cruise for a Cause Scholarship Fundraiser, where member generosity and enthusiasm turned the evening into a major success. Their support is opening doors for future accounting students and strengthening the next generation of CPAs.

**TXCPA Dallas** hosted an impactful Behind the Scenes event at Envision Dallas, where members saw how the organization empowers people who are blind or visually impaired through innovative programs and supportive services. It was an inspiring look at their mission in action. Members also connected at two chapter meetups: a lively Coffee & Connections at La Casita Coffee and an evening gathering at Wildwood Firewheel. Both events offered great conversation, new connections and a warm, welcoming atmosphere.

**TXCPA East Texas** welcomed more than 100 students and faculty to its Texas CPA2B Bootcamp at UT Tyler, giving attendees a clear look at career paths, the CPA Exam and what firms are looking for in new hires. Presenters shared practical guidance and encouragement with future CPAs. The chapter also hosted a PAC Reception with Senator Bryan Hughes, creating an engaging evening of conversation and advocacy. Members connected around their shared commitment to strengthening the CPA profession in Texas.

**TXCPA Houston** Student Auxiliary members joined other local students for Spring 2026 Deloitte Academy Day, where they explored accounting and professional services careers and built practical workplace skills. The chapter also hosted a Mix & Mingle at Paul's Wine Pix in Bellaire, giving members and guests a chance to unwind during busy season. In addition, a Morning Buzz at Dandelion Cafe brought together a strong turnout. These casual gatherings continue to strengthen relationships across the Houston accounting community.



### **Is Your Chapter Doing Something Awesome? Let Us Know!**

Whether you're hosting a professional development event, organizing a community outreach project, have a leadership meeting, or celebrating a big chapter milestone, we want to hear about it! Share your chapter's activities with us. Send your photos and event details to Managing Editor DeLynn Deakins at [ddeakins@tx.cpa](mailto:ddeakins@tx.cpa) and help us showcase the great work your chapter is doing!



## Justice for Fraud Victims Project: Bridging the Justice Gap in Financial Fraud

**F**inancial fraud is one of the most pervasive yet under-addressed crimes affecting individuals, small businesses and nonprofit organizations. While the losses can be devastating, many victims face a harsh reality: professional forensic accounting services are often too expensive or simply unavailable. As a result, countless fraud cases go uninvestigated, perpetrators go unchallenged and victims are left without answers – or justice.

The Justice for Fraud Victims Project (JFVP) exists to change that reality.

### A MISSION ROOTED IN ACCESS AND ACCOUNTABILITY

The Justice for Fraud Victims Project, Inc. is a 501(c)(3) nonprofit organization dedicated to combating financial crimes against vulnerable victims through a collaborative, community-engaged model. JFVP partners with higher education institutions, anti-fraud professionals and law enforcement agencies to provide pro bono forensic accounting and fraud investigation services to those who otherwise could not afford them.

At its core, JFVP's mission is to empower those committed to fighting financial crimes. Through strategic partnerships, professional networking, targeted resources and training, the organization addresses systemic barriers such as limited staffing, lack of funding and restricted access to specialized forensic tools.

Together, JFVP participants strengthen the collective capacity to protect vulnerable communities from fraud and financial exploitation.

### FROM A UNIVERSITY PROGRAM TO A NATIONAL MODEL

JFVP began in 2010 at Gonzaga University as an innovative collaboration among accounting faculty, college students, law enforcement, and fraud experts. The goal was simple but ambitious: leverage academic expertise to provide real investigative support for fraud victims while giving students meaningful, real-world experience.

That original effort proved highly successful – and scalable.

Today, the JFVP model has been adopted by colleges and organizations across the United States, serving as a national blueprint for how academic institutions can partner with professionals to meet both community and educational needs. While each participating school operates within its own context, all follow the same guiding principles: professionalism, victim-centered service and practical forensic rigor.

### WHAT THE PROJECT DOES AND WHY IT MATTERS

JFVP provides free forensic accounting services in cases involving alleged financial crimes or occupational fraud. The project focuses on matters where professional forensic work can make a measurable difference, particularly for:

- Vulnerable individuals
- Small businesses
- Nonprofit organizations

Student teams, working under the close supervision of faculty and seasoned anti-fraud professionals, conduct comprehensive investigations designed to answer three critical questions:

1. How did the fraud occur?
2. What was the financial impact?
3. What evidence exists to support legal or corrective action?

The outcome of each case is a professional-quality forensic report that can support civil litigation, criminal prosecution, insurance claims, or internal remediation efforts. If necessary, the

supervising anti-fraud professionals use the report as the basis of testifying as an expert witness in a trial.

### A BRIDGE BETWEEN VICTIMS, LAW ENFORCEMENT AND ACADEMIA

One of JFVP's defining strengths is its role as a connector. The project operates at the intersection of victims seeking answers, law enforcement constrained by limited resources and academic programs rich in analytical talent.

#### Benefits for Law Enforcement.

Law enforcement agencies often face overwhelming caseloads and limited access to specialized financial expertise. JFVP helps alleviate these pressures by:

- Assisting with case preparation and evidence analysis
- Improving investigative efficiency
- Strengthening cases referred to prosecutors
- Enhancing community trust by ensuring victims are supported

The project's investigative work has contributed to successful prosecutions, reinforcing law enforcement's ability to pursue financial crimes effectively.

**Benefits for Victims.** For victims, JFVP provides more than technical analysis – it provides

validation, clarity and hope. By identifying financial discrepancies, tracing transactions and calculating losses, JFVP enables victims to pursue legal remedies and begin the process of recovery.

**Benefits for Students and the Accounting Profession.** Students involved in JFVP gain hands-on experience rarely available in traditional classroom settings. They learn to:

- Develop forensic investigations
- Apply accounting theory to complex, ambiguous situations

During the summer of 2024, Dr. Richardson participated in an externship at DFG Forensic Accounting Services (DFG), working as a staff investigator. She investigated an actual fraud case that is now being developed into a case study for her students – an early example of how the JFVP model integrates real-world relevance into accounting education.

LCU's program is supported by Steve Dawson, CPA-South Plains, CFE, and Jeff Smith, CFE, of DFG Forensic Accounting Services. DFG was founded by Steve Dawson. He is a nationally recognized



Laci Richardson, Ph.D., CPA, CFE



Steve Dawson, CPA, CFE



Jeff Smith, CFE

- Communicate findings clearly and professionally
- Understand the human impact of fraud

Graduates of JFVP-affiliated programs enter the workforce not only with technical competence, but with a deep sense of professional responsibility and ethical purpose – qualities the anti-fraud profession critically needs.

### EXPANDING TO TEXAS: LUBBOCK CHRISTIAN UNIVERSITY'S STORY

In 2026, the JFVP model is beginning a milestone with an expansion to Lubbock Christian University (LCU), the first university in Texas that will be implementing the program.

The initiative is led by Laci Richardson, Ph.D., CPA-South Plains, CFE, the Bill and Mildred Crozier Associate Professor of Accounting and Program Coordinator for LCU's accounting program. A lifelong Lubbock resident, Dr. Richardson brings a blend of academic and professional experience, including nine years at LCU, 12 years in public accounting and seven years as a small business owner.

expert with nearly 40 years of experience in forensic investigations.

Steve Dawson built DFG to meet the growing need for focused fraud prevention, detection and recovery services across industries ranging from government to nonprofits. Jeff Smith is co-owner of DFG and has over 13 years of experience investigating fraud. Their involvement in the JFVP project ensures that students receive mentorship grounded in professional excellence and practical insight.

### THE BOTTOM LINE

By bridging the gap between victims who need help and the expertise required to uncover the truth, JFVP strengthens the fight against financial crime – one case, one student and one community at a time.

Watch your *Today's CPA* early next year for a follow-up article on the launch of the JFVP at Lubbock Christian University in Texas. Get an inside look at how this groundbreaking program is beginning to open doors to justice.

## A Model with Real Impact



What makes the Justice for Fraud Victims Project truly unique is its dual impact:

- Real victims receive high-quality forensic services at no cost
- Students gain meaningful investigative experience
- Cases carry genuine legal and community consequences

Qualification for JFVP involvement is not about rigid criteria, but about fit, feasibility and impact, ensuring that resources are directed to cases where they matter most.

# The CGMA® Advantage

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**Stand apart in a competitive world with the Chartered Global Management Accountant (CGMA®) designation** – the premier credential for management accountants across the globe. Developed by AICPA and CIMA, the CGMA® represents the highest standard of excellence, recognizing professionals who lead at the intersection of finance, strategy, operations, and business performance.

**Earning the CGMA® signals more than technical expertise** – it showcases your ability to drive insight, influence decisions and shape the future of organizations.

**Discover how the CGMA® can elevate your career and expand your impact.** Go to [www.cgma.org](http://www.cgma.org) to learn more and begin your journey toward becoming a globally respected leader in management accounting.



**J**oin colleagues and leaders from across the state for the TXCPA Annual Meeting of Members and Leadership Council Meeting on Thursday and Friday June 25-26, at the beautiful La Cantera Resort & Spa in San Antonio. Designed exclusively for TXCPA members, this signature event brings together meaningful networking, strategic insight and engaging conversation in an inspiring setting. Whether you're a longtime volunteer leader or newly engaged member, this is a valuable opportunity to connect with peers, gain perspective and help shape the future of TXCPA.

Enhancing the experience, a Silent Auction will once again be held in conjunction with the meeting. Auction proceeds will

benefit AcctoFi (formerly the Accounting Education Foundation), supporting scholarships and high-quality education programs for the next generation of CPAs. Members are encouraged to donate auction items online and be part of this meaningful investment in the profession's future.

Make the most of your time in San Antonio by arriving early to attend the San Antonio Cluster, held Monday-Wednesday, June 22-24, also at La Cantera. This flexible, multi-session learning event allows participants to customize their experience while earning valuable knowledge ahead of the Annual Meeting.

Plan to join us for an energizing week of learning, leadership and connection – all in one exceptional destination.

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Cut off: May 23, 2026

[Click here for more details](#)

## WORD GAME:

# Positioning That Powers Growth

**T**est your insight and word-finding skills with this quick, interactive game based on the article “Why Positioning Matters More Than Ever for CAS Firms.” Find key terms and revisit core ideas like focus, scalability and strategic alignment – all in a fun, fast challenge.

## QUESTIONS

1. How a firm clearly defines who it serves and what it solves (11 letters)
2. Services that go beyond transactional work (8 letters)
3. A clear market or industry concentration (9 letters)
4. A key result of effective positioning (6 letters)
5. The ability to expand efficiently with repeatable systems (5 letters)
6. When marketing and operations reinforce each other (5 letters)
7. The core structure or underlying elements that enable a business to operate and grow (10 letters)

• ADVISORY • EXPERIENCE • VALUE • WORKFLOW •

• POSITIONING • INDUSTRY • CLIENTS • SERVICES • SCALE •

• OPERATIONS • REVENUE • GROWTH • REPEATABLE •

• MESSAGING • FOCUS AREA • MARKETING • CAS • CYCLE •

• ALIGN • AUDIENCE • CONSISTENCY • SYSTEMS •

• FOUNDATION • NICHE • DELIVERY • STRATEGIC • MARGINS •

[Click here to see the answers.](#)

## Renew Your TXCPA Membership Today!

Now is the time to renew your TXCPA membership! Keep your membership active and continue accessing the tools, support and connections that help CPAs succeed.

- Stay Informed: Protect your license and stay current on key issues and trends
- Build Your Skills: Enjoy high-quality education, including at least 20 free CPE hours
- Grow Your Network: Connect with CPAs across Texas for collaboration and opportunity

Renewing is quick and easy – [log in to our website](#) or contact member services for help. Don't miss out. Renew today.

## TXCPA's 2026 CPE Programs

### EVENT CALENDAR

The full 2026 event calendar is live! Review upcoming programs, lock in early-bird rates and mark your priorities now. Upcoming conferences in May and June include:

- Technology Conference, May 4-5
- Virtual Energy Conference, May 11-12
- Single Audits & Governmental Accounting and Auditing Conference, May 14
- Nonprofit Organizations Conference, May 18-19
- Texas School Districts Accounting and Auditing Conference, June 1-2
- CPAs by the Bay, June 15–17
- Business Valuation, Forensic Accounting and Litigation Services Conference, June 16-17

[Click here](#) to see the full calendar and register.

### Free CPE for TXCPA Members

Your membership includes at least 20 hours of FREE CPE! [Click here](#) to see the upcoming schedule and register.

### TXCPA Passport – CPE on Your Schedule

The TXCPA Passport is your one-year subscription to on-demand CPE. See the current list and subscribe now at [www.tx.cpa/education/passport](http://www.tx.cpa/education/passport).



## ACAN: Confidential Support When You Need It

When stress or life feels overwhelming, the Accountants Confidential Assistance Network (ACAN) offers free, confidential peer support for CPAs, candidates and students – available whenever you need it. One-on-one support, group meetings and referrals are just a conversation away. Reach out anytime at 866-766-ACAN or 214-566-2854, or visit [tx.cpa/community/peer-assistance](http://tx.cpa/community/peer-assistance).

## BUILDING WHAT'S NEXT:

# TXCPA's 2025-26 Year in Review

**T**he accounting profession is navigating a period of unprecedented change – from talent shortages to rapid technological transformation. Meeting this moment requires leadership, adaptability and connection.

Across Texas, TXCPA is doing just that: advancing solutions to pipeline challenges, evolving how members are supported and strengthening advocacy to protect the CPA license. Behind every initiative are dedicated volunteers and leaders committed to ensuring the profession remains strong, relevant and trusted.

## TXCPA's Strategic Plan Goals

TXCPA's strategic plan is the roadmap guiding TXCPA's work.

**GOAL 1:** Secure the Future of the Accounting Profession by Attracting and Retaining Talent.

**GOAL 2:** Ensure the Continued Influence, Impact and Viability of the Organization by Expanding Resources to Grow and Serve Our Market and Responding to its Evolving Needs.

**GOAL 3:** Improve the Quality and Efficiency of the Delivery of Services and Expand Opportunities Through a Streamlined Organization Structure.

**GOAL 4:** Enhance TXCPA's Position in the Marketplace With a Robust, Multichannel Marketing Strategy to Increase Visibility, Engagement and Growth.

## THE FUTURE STARTS WITH PEOPLE

Securing the future of the profession begins with people. In support of Strategic Plan Goal 1 – attracting, retaining and sustaining talent – TXCPA expanded student outreach to a goal of 16,000 this year, building on last year's reach of 14,000 students.

Connecting with students early is critical to the profession's future. By showcasing the wide range of accounting career paths, TXCPA helps break down misconceptions, ignite interest before decisions are made and build a stronger, more sustainable CPA pipeline.

Through [Accounting Opportunities Months](#) in November and April, CPA

volunteers bring the profession to life – visiting classrooms and communities to lead career talks, financial literacy sessions and mentoring conversations. These efforts showcase accounting as a dynamic, impactful field with diverse career paths, while building meaningful connections between students, schools and local communities.

Accounting Opportunities Month continues to be a cornerstone of this effort. During the November 2025 campaign alone:



- 68 volunteers participated
- 3,053 students were reached
- 51 events were held across Texas

TXCPA members are also bringing the CPA profession directly to students through classroom visits, campus events and hands-on learning experiences. Some examples of on campus exposure include:

- James Bowie High School – Austin Chapter members Stacey Mahajan and Jason Lucio connected with students in November 2025
- Midwestern State University – TXCPA Chair Billy Kelley presented on October 7
- Baylor University – Billy Kelley engaged students during an Accounting Society meeting on February 25
- Blinn College – Brazos Valley Chapter members led a multi-campus series across Brenham, Bryan and College Station on March 25, 26 and April 2

## The Power of Presence: How TXCPA Members Are Shaping Communities, Careers and the Future of the Profession

Across Texas, TXCPA members are making an impact in ways both visible and quietly powerful. Together, these moments tell the story of a profession rooted in service, connection and leadership.

### Strengthened by Community

On a warm Saturday in Houston, CPAs traded spreadsheets for shovels, volunteering at a local botanical garden. Hours later – hands dirty, work done – they stepped back to admire something tangible.

Across Texas, similar scenes are unfolding: cleanups, service projects and community partnerships. These moments can reshape how the profession is seen. Not only technical experts, CPAs are neighbors making a difference.

### The Future in the Room

After a campus presentation, a student stays behind with questions about not only accounting, but also about her future. A CPA takes the time to answer.

Moments like this are happening across the state. Members are connecting with students through outreach, mentoring and career conversations. In a time of pipeline concern, the impact is personal – one student, one conversation at a time.

### After Busy Season

The deadlines pass and a group of CPAs gathers for a simple happy hour. No agenda, just conversation.

These informal, post-busy season moments have become essential. They offer space to connect, share experiences and build relationships. In a demanding profession, they're a reminder that community matters just as much as the work itself.

### Around the Table

In early 2026, leaders from across Texas meet to look ahead. Conversations move from governance to technology to long-term strategy.

While largely unseen, these discussions shape the future of the profession – focusing not just on today's needs, but on what comes next.

### A Statewide Tapestry

From large cities to small communities, activity spans the state. Each TXCPA chapter tells its own story. Together, they reflect a profession that is local in impact, while statewide in reach.

This year, TXCPA launched the [Champions Program](#), a strategic initiative designed to strengthen and scale student outreach. The program equips members with presenter training on research-backed messaging, as well as practical tools. Through a one-hour interactive training session, Champions gain the confidence and resources to connect authentically with students, support outreach efforts and strengthen the talent pipeline.

The TXCPA [Mentor Match](#) Program was also launched this year for TXCPA candidate and student members. Built around flexibility and learning, the program connects mentors and mentees based on goals and availability. Mentees gain insight into the CPA Exam and early career decisions, and mentors have an effective, meaningful way to give back.

Another key resource is the [Candidate Community](#) on TXCPA Exchange, an online platform that brings students, CPA candidates and licensed CPAs together. This space allows members to ask questions,

share experiences, exchange advice, and encourage one another throughout the journey to licensure.

Finally, the [Faculty and Student Ambassador Program](#) continues to strengthen



## YEAR AT A GLANCE

### Membership progress:

Goal 28,000 total, 4,000 new

As of April 8: **26,840** total, **4,647** new and **48%** CPAs among new members

### Student outreach:

Goal 16,000 reached

As of March 31: **12,000** students reached, **75%** towards our goal

### Visibility:

Goal +20% social followers

As of April 8: **+15%**

### PAC:

Goal 85% leadership participation and 5% CPA member participation

As of PAC Year-end, March 31: **76%** leadership participation and **3.6%** CPA member participation

## TXCPA Talent and Workforce Development Resources

TXCPA has resources to support every stage of the accounting journey – from curious students and CPA candidates to educators and employers. Whether you're discovering the profession, shaping future accountants or building your team, TXCPA brings together the resources, connections and opportunities that drive lasting impact. [Click here for our resources.](#)



connections on college campuses across Texas. During the 2025-2026 academic year, 31 students and 72 faculty have represented TXCPA across Texas campuses. These ambassadors play a critical role in expanding TXCPA's reach and inspiring future CPAs.

### EVOLVING TO SERVE A CHANGING MEMBER

As the profession evolves, so do the expectations of today's accounting and finance professionals. Strategic Plan Goal 2 reflects TXCPA's commitment to modernizing member value – expanding resources, strengthening partnerships and creating flexible pathways that support long-term professional success.

In alignment with this goal, the Leadership Council formally approved dues associated with a new three-tiered CPA membership offering structure during the Annual Meeting of Members and Leadership Council Meeting. This approval allows for implementation of the new membership model beginning with the 2026–2027 membership year.

The new tiered model was designed to support members by:

- Enhancing member value
- Providing greater flexibility and choice
- Modernizing the dues structure to align with member needs

TXCPA is strengthening its long-term financial sustainability by expanding

non-dues revenue opportunities. This includes exploring strategic partnerships and revenue-sharing opportunities, along with ongoing work with a business development partner to grow sponsorships.

### Driving Professional Growth With Education and Collaboration

In December and January, AcctoFi delivered 18 Federal Tax Update sessions throughout the state, equipping 1,100+ attendees with the latest tax insights.

TXCPA members enjoyed over 20 hours of free CPE, covering essential topics like Texas taxes, ethics and industry trends. As of March 30, 2026, more than 9,000 total registrations had been recorded for these free programs in the membership year.

AcctoFi also launched the Mergers & Acquisitions Advisory Certificate, a first-of-its-kind, cohort-based program. The program equips CPAs and other professionals with end-to-end M&A advisory skills, helping them expand into transaction advisory and deal-focused consulting through practical, real-world training.

The busy spring and summer conference season is upon us. Our conference and cluster lineup promises not only top-tier education from dynamic presenters, but also an opportunity to come together with peers for shared learning and networking.



### AcctoFi: Powerful Learning for Every Stage of the Accounting Profession

AcctoFi is TXCPA's education-focused brand, uniting learning across accounting, finance, technology, and leadership. It brings together conferences, specialized courses and programs for new and aspiring CPAs into one modern, flexible platform.

With hundreds of learning opportunities, AcctoFi is committed to keeping you ahead of the curve in an ever-evolving profession. Check out [AcctoFi.com](https://AcctoFi.com) learning to explore ways you can advance, grow and excel!

### Flexible Value for Modern Careers

TXCPA and AcctoFi deliver exceptional CPE value to support today's fast-moving accounting careers. With free high-impact learning resources and essential professional updates, TXCPA and AcctoFi ensure members have the tools they need to stay current, compliant and competitive.

#### FREE Ethics Course – \$179 Value

TXCPA provides members with a FREE, TSBPA-approved four-hour ethics course

#### 20 Hours of FREE CPE Per Year

FREE Quarterly Professional Issues Updates (PIUs)

FREE Texas Tax Quarterly Webcasts

Chapter-hosted Member Appreciation Events

[View all free CPE here](#)



### STRENGTHENING THE ORGANIZATION THROUGH INTEGRATION, TECHNOLOGY AND CULTURE

#### Integration

Under Strategic Plan Goal 3, TXCPA is modernizing how we deliver value through a multi-year strategy focused on strengthening chapter operations and increasing collaboration across all 20 chapters for more consistent, efficient support statewide.



A chapter integration pilot with TXCPA Corpus Christi tested ways to streamline operations, align resources and improve consistency. Insights from this pilot will guide future efforts.

For members, this work translates into meaningful improvements:

- More efficient use of resources
- Reduced duplication and administrative burden
- More consistent programs and events across chapters, while keeping each chapter's distinct personality and brand

By centralizing administrative work, TXCPA and our volunteers can focus more time and resources on engagement, education, mentorship and career development.

As of June 1, the following TXCPA chapters will be integrated:

- Brazos Valley
- Corpus Christi
- Southeast Texas
- Victoria
- Wichita Falls

### Technology Investments

TXCPA is modernizing its technology to elevate the member experience and improve how work gets done. Upgrades to core systems and the launch of 22 new websites – including redesigned chapter sites – are creating a faster, more cohesive digital presence.

What's improving:

- Streamlined systems and workflows
- Reduced administrative bottlenecks
- Faster, more efficient service delivery
- Stronger foundation for AI and automation

TXCPA is also advancing a strategic AI roadmap to enhance capabilities and deliver practical tools for staff, members and the profession. Key AI initiatives include:

- Staff training, AI Ambassador cohort and internal tools

- AI-driven search tools
- A custom AI membership assistant
- Enhanced website content and structure to improve visibility for TXCPA and AcctoFi in search results.

Together, these efforts position TXCPA to deliver smarter, more responsive value at scale.

### MEETING MEMBERS WHERE THEY ARE WITH A SMARTER, DATA-DRIVEN APPROACH

TXCPA is strengthening marketing reach, visibility and its digital ecosystem under Strategic Plan Goal 4, with a more modern, data-informed approach focused on meeting members where they are. Key progress includes:

- A marketing audit identified opportunities to modernize and align our digital presence
- Website and social updates improved consistency, clarity and accessibility
- A more coordinated multichannel strategy across email, web, publications and social
- Expanded social media focus, including video and new platforms like Reddit
- A new email platform enabling more timely, targeted communications

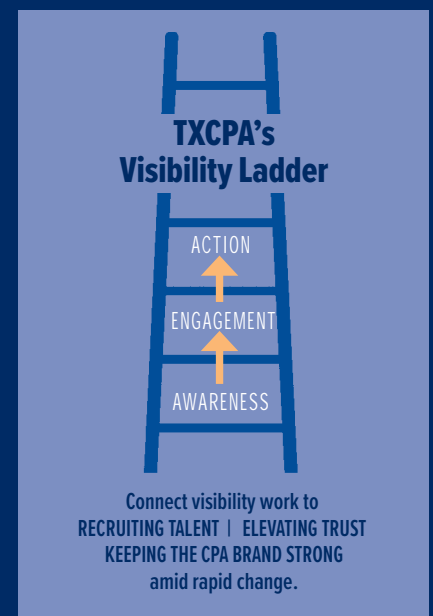
The impact: a stronger, more cohesive brand experience, increased visibility and engagement, and a scalable, future-ready marketing foundation for continued growth.

### PROTECT THE LICENSE. PROTECT THE FUTURE.

Protecting the CPA license – the foundation of public trust – remains at the heart of TXCPA's advocacy work. During the 2025 Texas legislative session, TXCPA achieved two historic victories by securing passage of landmark legislation strengthening CPA licensure and mobility. With Senate Bill

## You can help grow TXCPA's social presence and amplify our impact by:

- Following TXCPA on LinkedIn, Facebook, Instagram and Reddit
- Sharing TXCPA posts with your network
- Engaging with comments and reactions
- Tagging TXCPA in your posts
- When you find our content useful or attend a TXCPA or chapter event, consider posting about it and tagging us to help extend our reach



## Balance Sheet Bash: Building Real-World Skills

Held February 4-6, 2026, Balance Sheet Bash brought together 167 students and 31 professionals for hands-on learning experiences at Texas Southern University (Houston), Huston-Tillotson University (Austin) and the University of Texas at Dallas.

### Volunteers making an impact:

- **HOUSTON** - Rubik Yeriazarian, Kameshia Mays, Sheryl Jimerson, and Mike Harris
- **AUSTIN** - Omolara Akinboye, Aarika Anderson, Priscilla Suggs, and Phil Wooten
- **DALLAS** - Kyle Ratliff, Manda Barr and Tim Pike



262 and Senate Bill 522, Texas became the first large state, and one of the first nationwide, to modernize CPA licensure pathways and practice mobility.

SB 262 created an additional pathway to CPA licensure that includes:

- A bachelor's degree with specified accounting and business coursework

## 5 Things You Can Do Today to Protect Your CPA License

**1. Support the TXCPA PAC** – Help elect lawmakers who understand and support the CPA profession

**2. Become a Key Person** – Serve as a trusted connection between TXCPA and elected officials

**3. Stay Legislatively Engaged** – Follow TXCPA alerts and take action when needed

**4. Share Your Expertise** – Provide input on licensure, mobility and emerging issues

**5. Get Others Involved** – Encourage colleagues and new CPAs to participate in advocacy



- Two years of qualifying experience
- Passage of the CPA Exam

TXCPA worked closely with the Texas State Board of Public Accountancy on implementation, resulting in final rules effective October 10, 2025. The rules require:

- 27 upper-level accounting hours
- 21 business hours
- A three-hour ethics course

They also allow flexibility for candidates transitioning between pathways. While the new pathway officially launches August 1, 2026, currently enrolled students may elect to pursue it if it suits their circumstances.

SB 522 modernized the Texas CPA mobility statute to ensure out-of-state CPAs may continue to practice in Texas if they:

- Meet their home state's licensure requirements under either pathway, or
- Were licensed by December 31, 2024

By shifting to an individual-based mobility model, the law protects cross-border practice while enhancing public protection, ensuring only properly licensed individuals practice in Texas.

### Standing Firm Against Deregulation

In 2025, TXCPA actively opposed national and state efforts to deregulate licensed professions. These proposals – including consolidation of licensing boards and reduced education or CPE standards – posed serious threats to licensure integrity and mobility.

TXCPA successfully:

- Blocked hearings on CPA-opposed legislation
- Removed CPAs from bills that could have weakened practice protections

### Preparing for 2027 and Beyond

Following the 2026 elections, TXCPA is focused on building relationships with members, candidates and officehold-

ers to address emerging issues. TXCPA is also developing its 2027 legislative agenda. The Legislative Advisory Committee will meet later in 2026 to:

- Assess new and emerging issues
- Evaluate potential technical clarifications to pathways or mobility
- Identify additional legislative priorities

Members are encouraged to share ideas and concerns as this work progresses.

### Powering Advocacy Through Engagement

These efforts are supported by the TXCPA PAC and the long-standing Key Persons grassroots network. Together, they enable TXCPA to protect the CPA license, advocate effectively at the Capitol and strengthen relationships with decision-makers.

As Texas continues to grow, protecting licensure standards and mobility is essential to public trust and a modern, competitive profession. TXCPA's impact is driven by strategy, relationships and active member involvement.

### SHAPING WHAT'S NEXT FOR THE ACCOUNTING PROFESSION

The profession stands at an inflection point – shaped by change, yet grounded in purpose. Through strategic action, strong advocacy and deep member engagement, TXCPA is helping ensure the profession not only adapts, but thrives.

This progress is powered by members, volunteers and leaders across Texas. Their commitment strengthens the profession, protects the CPA license, and positions TXCPA to move forward with clarity and confidence.

Now is the time to be part of what's next. Join us in San Antonio on June 25-26 for the [Annual Meeting of Members and Leadership Council Meeting](#) – an opportunity to connect, contribute and help shape the future of the profession.

# Career and Family. We've got you covered.



TXCPA-sponsored member insurance policies and services have been carefully chosen for their valuable benefits at exclusively priced group rates from a variety of reputable, highly-rated carriers:

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- Cyber Liability Insurance

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- Group Dental
- Group Disability Income Insurance\*\*
- Group Hospital Indemnity Insurance\*\*

## INDIVIDUAL HEALTH

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- Long-Term Care Insurance Plans
- Medicare Insurance

## PERSONAL PROPERTY

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## ADDITIONAL PROTECTION

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Why Positioning Matters

# More Than Ever for CAS Firms

And How It Can Significantly Improve Operations and Growth

BY JEREMY ESTEY

## Why This Article Is a Must-Read for CPAs

### This article:

- Shows why advisory services struggle without clear positioning and helps CPAs avoid common growth roadblocks.
- Connects positioning to operational efficiency, not just marketing.
- Explains how niche focus creates scalable, repeatable services instead of custom one-offs.
- Demonstrates how a focus area improves marketing, sales and client satisfaction simultaneously.
- Highlights competitive pressure in today's CAS landscape and how firms can stand out.
- Provides practical, industry-specific examples of how positioning strengthens both value and profitability.

**T**he rise of client advisory services (CAS) has created a major opportunity for accounting firms looking to move beyond transactional work and into higher-margin, ongoing client relationships. Advisory services allow firms to deepen client relationships, increase recurring revenue and play a more strategic role in helping businesses succeed.

However, simply adding advisory services is rarely enough. The way those services are structured and positioned in the market often determines whether a firm experiences meaningful growth or struggles to gain traction.

For firms that want advisory work to become a meaningful driver of revenue and firm value, one strategic decision can dramatically improve both marketing effectiveness and operational efficiency: defining a clear market focus and solving specific problems for a well-defined client group.

## THE HIDDEN POWER OF A DEFINED PRACTICE FOCUS

Serving a broad range of industries may feel like the safest strategy. However, it often creates operational complexity and makes it harder for firms to stand out.

Generalist firms frequently face several challenges:

- Expansive service offerings that are difficult to standardize;
- Operational variability across clients;
- Marketing messages that sound indistinguishable from competitors.

These factors can contribute to lower margins, increased pressure on staff and inconsistent growth.

By contrast, firms that concentrate their work around a defined industry or client type create meaningful leverage. When a firm works repeatedly with similar clients, it develops a deeper understanding of the financial challenges those businesses face, the metrics that matter most to them and the strategic decisions that drive performance.



Credit: Hispanolistic

- Build repeatable systems that improve over time.

These operational advantages allow firms to onboard clients faster, maintain consistency in delivery and create a stronger foundation for growth.

### CLEAR POSITIONING CREATES A GROWTH CYCLE

When positioning and operational design are aligned, firms often experience a positive cycle of improvement:

- Marketing becomes more effective because messaging resonates with a clearly defined audience;
- Service delivery becomes simpler because offerings are built around recurring client needs;
- Client satisfaction increases because the firm understands the industry and its challenges;
- Growth becomes more predictable as marketing and operations reinforce one another.

Consider a firm that focuses primarily on construction companies. Rather than offering broad “advisory services,” the firm might

develop a structured offering tailored to that industry’s needs. This could include job costing analysis, cash-flow projections and performance dashboards aligned with construction project metrics.

With a clear industry focus:

- Marketing messages become more precise;
- Sales conversations center on confirming alignment rather than explaining the value of advisory services;
- Delivery processes become consistent and repeatable;
- Clients view the firm as a trusted advisor who understands their business.

This clarity benefits both the firm and its clients.

attract better-aligned prospects and makes marketing investments more efficient. Effective positioning typically answers three questions:

1. Who do you serve?
2. What business problem do you solve?
3. What structured solution do you provide?

For example: “We help independent medical practices improve profitability by turning complex financial data into clear insights that guide strategic decisions.”

A statement like this immediately clarifies whether the message applies to the listener.

### WHY THIS MATTERS NOW

Across Texas and throughout the profession, more firms are expanding their advisory capabilities. As adoption increases, the competitive landscape becomes more crowded.

Standing out in that environment requires more than adding new services. Firms that define their practice areas clearly and build structured offerings around the needs of specific client groups are better positioned to differentiate themselves and operate more efficiently.

Clear positioning also helps firms grow without overwhelming their teams. Standardized systems, repeatable services and aligned clients reduce operational strain and support sustainable expansion.

In today’s advisory market, firms that are known for solving a specific set of business problems often outperform those that attempt to serve every possible client need.

### KEY TAKEAWAY

Positioning is not simply a marketing tactic. It provides a foundation for building an advisory practice that is operationally efficient, scalable and aligned with the needs of a defined client base.

When firms clarify who they serve and what problems they solve, both marketing and operations become more focused. The result is stronger client relationships, more consistent delivery and a clearer path to growth.

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The ABCs of Advisory Services  
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That insight strengthens both service delivery and market credibility.

### POSITIONING IS AN OPERATIONAL DECISION

Positioning is often viewed as a branding or marketing exercise. In practice, it has just as much impact on internal operations. When a firm clearly defines who it serves and the problems it helps solve, the entire organization becomes easier to manage and scale.

For example, firms with a clear market focus can:

- Develop standardized workflows rather than customizing every engagement;
- Train team members on a consistent playbook;
- Package services into structured offerings rather than ad-hoc deliverables;
- Reduce scope creep and client confusion;

### THE MARKETING ADVANTAGE OF A CLEAR FOCUS

Marketing a broad advisory offering can be difficult and expensive. When messaging attempts to appeal to everyone, it rarely resonates strongly with anyone.

A clearly defined practice focus allows firms to speak directly to the challenges faced by a particular audience. That clarity helps

**JEREMY ESTEY** is the Founder of AmberSky Marketing Ltd. He built the Positioning Suite, an AI tool that helps identify ideal client(s), understand the problems these clients want solved and productize your services, and it provides branding and messaging so you can start positioning your firm as the only choice to solve your client’s specific accounting and financial challenges. Contact him at [jeremy@amberskymarketing.com](mailto:jeremy@amberskymarketing.com).



**CURRICULUM:**

Accounting and Auditing; Management

**LEVEL:**

Basic

**DESIGNED FOR:**

CPAs in business and industry and public practice

**OBJECTIVES:**

To address the accounting implications of option contracts utilized in foreign currency transactions and describe forward and futures contracts.

**KEY TOPICS:**

Derivative instruments; underlying; notional amount; option-based contracts; call options; put options; net settlement; premium; time value; and forward and future-based contracts

**PREREQUISITES:**

None

**ADVANCED PREPARATION:**

None

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# Option-Based Contracts and Foreign Currency Transactions

BY: JOSEF RASHTY



Derivatives are financial instruments or other contracts that exhibit characteristics such that their fair values are dependent on one or more

*underlyings*. An underlying may be an interest rate, price, foreign exchange rate, index, or other variable. For example, the fair value of an interest rate swap changes in response to movements in an interest rate index such as the Secured Overnight Financing Rate (SOFR). Other common underlyings include foreign currencies, investment securities and commodities.

Derivatives used in practice generally fall within two categories: contracts that require or permit settlement on a forward or future basis and contracts that provide the holder with optionality over whether settlement will occur. This article addresses the accounting implications of option contracts utilized in foreign currency (FX) transactions and, for context, includes a brief description of forward and futures contracts to distinguish their contractual characteristics from those of option-based arrangements.

Option-based contracts qualify as derivatives because their fair values are determined by reference to an *underlying*, such as a foreign

currency exchange rate.

These contracts convey to the holder a contractual right – but not an obligation – to cause the purchase or sale of the *underlying* at a specified price during a defined exercise period or on a stated expiration date.

**DERIVATIVE INSTRUMENTS**

ASC 815, *Derivatives and Hedging*, describes a derivative instrument as a financial instrument or other contract that satisfies certain defining

features. Specifically, it must include (1) an underlying variable, (2) a notional amount or a provision that determines the settlement, and (3) contractual terms that specify how payments or settlements are calculated based on the interaction of the underlying and the notional amount.

A derivative contract contains one or more underlyings and one or more notional amounts or payment provisions, or both. It requires no initial net investment – or only a minimal one that is smaller than

would be required for other contracts with similar responses to market changes. The terms of the derivative specify the settlement amount, which, if settlement occurs, is determined by changes in the underlying.

### Notional Amount Example



Company uses U.S. dollar as its functional currency



Company agrees to purchase equipment from a European supplier for €100,000.



The underlying is the exchange rate between the U.S. dollar and the euro (e.g., \$1.10 per €)



The notional amount is the €100,000 specified in the contract.

Together, the underlying exchange rate and the notional amount determine the settlement amount in U.S. dollars.



These features distinguish derivatives from other financial contracts because the value of a derivative is derived from the behavior of an underlying variable – such as interest rates, foreign currency exchange rates, commodity prices, or equity prices – rather than from ownership of the underlying asset itself. Consequently, derivatives enable entities to manage or transfer exposures to financial risks in a targeted and economically efficient manner.

#### OPTION-BASED CONTRACTS

Option-based contracts (options) require the sellers (writers) to fulfill their contractual obligations if the purchasers (holders) elect to exercise the options. The mechanism for executing such a transaction is typically a call option, under which the purchaser pays a premium to the seller to obtain the right, but not the obligation, to purchase the underlying asset at a predetermined price.

Option-based contracts are generally not considered hedge instruments (the two scenarios of the illustration in this article clarify that). For instance, in a cash flow forward exchange rate hedge, the seller locks in a specific exchange rate<sup>1</sup> for a future currency transaction to protect against unfavorable foreign currency fluctuations. Entities employ such strategies to mitigate risk and provide predictability for future cash flows. However, this approach also eliminates the potential benefit of favorable exchange rate movements, which aligns with the primary objective of a hedge – to reduce variability rather than to speculate.

#### CALL OPTION

A call option gives the holder the right, but not the obligation, to buy an asset at a specified price (the strike price or exercise price) on or before a specified maturity date (expiration date). For example, the holder of a call option may have the right to purchase a commodity at a specified price (exercise price) within the next three months.

A call option meets the definition of a derivative instrument if it (1) has an underlying and a notional amount, (2)

**Table 1. Key Assumptions and Fair Value of the Option**

Beginning of the Period	Spot Rate (EUR/USD)	Option Strike Price (EUR/USD)	Option Fair Value*
First Quarter (1/1/20X1)	1.10	1.15	\$3,100
Second Quarter (4/1/20X1)	1.14	1.15	\$2,500
Third Quarter (7/1/20X1)	1.30	1.15	\$10,033

\* Fair values are based on the Black-Scholes-Merton option-pricing model.

Entity A excludes from its hedge-effectiveness assessment all changes in the option's fair value other than intrinsic value (for example, time value). However, consistent with ASC 815-20-25-83A, Entity A amortizes the initial fair value of the excluded component (\$3,100) and recognizes that time value systematically over the hedge period. Accordingly, only changes in the option's intrinsic value, measured using the option's spot-rate intrinsic value, serve as the basis for evaluating hedge effectiveness.

**Table 2. Option Intrinsic Value, Time Value and Total Fair Value**

Period / Date	Intrinsic ("Spot") Value of Option (1)(2)	Time Value of Option (3)	Total Fair Value of Option (4)
First Quarter – 1/1/20X1	\$0	\$3,100	\$3,100
Second Quarter – 4/1/20X2	\$763	\$2,337	\$2,500
Third Quarter – 7/1/20X3	\$10,033	\$0	\$10,033

1. Intrinsic value at 4/1/20X2: ("€" 100,000/1.14) less " ("€" 100,000/1.15) \$87,719 less \$86,957 = \$763
2. Intrinsic value at 7/1/20X3: ("€" 100,000/1.30) "less" ("€" 100,000/1.15) \$76,942 less \$86,957 = (\$10,033)
3. Time value at 4/1/20X2: \$3,100 initial fair value less \$763 intrinsic value = \$2,337
4. Entity A uses Black-Scholes-Merton valuation model to calculate the fair value of options.

requires little or no initial net investment, and (3) can be settled at a future date. Suppose a company designates a call as a hedging instrument in a qualifying hedge relationship. In that case, it accounts for changes in its fair value in accordance with the type of hedge – fair value hedge, cash flow hedge or net investment hedge – as specified in ASC 815. However, if a call option does not qualify for hedge accounting, the company records all changes in the fair value of call options in earnings.

A call option is in the money when the price of the underlying asset is greater than the strike price (exercise price) of the option.

### PUT OPTION

A put option gives the holder the right, but not the obligation, to sell an asset at

a specified price (the strike or exercise price) on or before a specified maturity date. For example, the holder of a put option may have the right to sell a commodity at the exercise price within the next three months.

A put option is in the money when the price of the underlying asset is lower than the strike price (exercise price) of the option.

### FORWARD AND FUTURE-BASED CONTRACTS

Forward and futures contracts are derivative instruments in which two parties agree to buy or sell a specified asset at a predetermined price on a future date. By locking in prices in advance, both buyers and sellers can reduce their exposure to adverse price movements.

Forward contracts are customized, privately negotiated over-the-counter (OTC) market agreements tailored to specific quantities, dates and settlement terms, making them

useful for hedging targeted exposures. Their bespoke nature also increases counterparty risk because no clearinghouse guarantees performance.

In contrast, futures contracts are standardized agreements traded on organized exchanges. The exchange specifies contract size, quality, delivery time, and settlement procedures, and a clearinghouse guarantees performance, thereby significantly reducing counterparty risk. Futures are marked to market daily and their standardized structure facilitates liquidity, price transparency and ease of trading.

Option contracts differ from both forwards and futures because the option holder is not obligated to transact; rather, they possess the right, but not the obligation, to buy or sell an underlying asset at a predetermined strike price. The maximum loss for an option buyer is limited to the premium paid. By contrast,

Table 3. Journal Entries

			Periods/Dates	Purchased Option	Cash	Revenue	Other Comprehensive Income (OCI)
First Quarter	1/1/20X1	(1)	Beginning of the first quarter	\$3,100	(\$3,100)	-	
	3/31/20X1	(2)	End of the first quarter	(\$600)		\$1,500	(\$950)
Third Quarter	6/30/20X1	(3)	Second quarter	\$7,533		\$1,500	(\$9,083)
		(4)		(\$10,033)	10,033		-
		(5)			\$130,000	(\$130,000)	
		(6)				(\$10,033)	10,033
			Total	-	\$136,933	(\$136,933)	-

(1) \$3,100 reflects the cost incurred to purchase the put option contract.

(2) \$1,550 reflects three-month straight-line amortization of the six-month option contract. (\$600) reflects changes in the fair value of option from \$3,100 to \$2,500.

(3) 7,533 reflects changes in the fair value of option from \$2,500 to \$10,033. \$1,550 reflects three-month straight-line amortization of the six-month option contract.

(4) \$10,033 reflects the value of the option that Entity A has exercised and has received cash.

(5) To account for the sale transaction (“€” 100,000 times 1.30).

(6) To reflect the value of the option in revenue upon its exercise.

In this illustration, Entity A had a windfall of \$10,033 for the strengthening in Eur/USD conversion rate and a loss of \$3,100 for the acquisition of put option contract.

**Table 4. Key Assumptions and Fair Value of the Option**

Periods/Dates	Spot Rate Eur/USD	Option Strike Price Eur/USD	Option Fair Value
First Quarter Starting 1/1/20X1	1.10	1.15	\$ 3,100
Second Quarter Starting 4/1/20X1	1.14	1.15	\$ 2,500
Third Quarter Starting 7/1/20X1	0.95	1.15	(\$18,306)

**Table 5. Option Intrinsic Value, Time Value and Total Fair Value**

Periods/Dates	“Spot”/Intrinsic Value of Option (1) and (2)	Time Value of Option (3)	Fair Value of Option (4)
First Quarter Starting 1/1/20X1	\$ -	\$3,100	\$3,100
Second Quarter Starting 4/1/20X2	\$763	\$2,337	\$2,500
Third Quarter Starting 7/1/20X3	(\$18,306)	\$ -	(18,306)

(1) (100,000/1.14) less (100,000/1.15) [\$87,719 less \$86,957 = \$763]  
 (2) (“€” 100,000/0.95) less (“€” 100,000/1.15) [\$105,263 less \$86,957 = \$18,306]  
 (3) \$3,100 less \$763 = \$2,337  
 (4) Entity A uses Black-Scholes-Merton valuation to calculate the fair value of the options.

futures contracts can expose traders to substantial losses because both parties are legally obligated to fulfill the contract regardless of market movements.

**TERMINOLOGIES**

**Underlying**

An underlying is a variable that, together with either a notional amount or a payment provision, determines the settlement value of a derivative instrument. According to ASC 815-10-15-88, common examples of underlyings include the following:

- The price of a commodity or a commodity price index;
- An exchange rate or an interest rate index;
- The occurrence (or nonoccurrence) of a specified event.

**Notional Amount**

A notional amount refers to the units – such as currency units, shares, bushels, or pounds – specified in a derivative contract (ASC 815-10-15-92). It forms one side of the equation

used to determine the settlement amount of a derivative. The settlement amount is derived from the interaction between the underlying and the notional amount. See the notional amount example on page 24.

**Requirements Contract**

A requirements contract is a derivative contract that meets the definition of a derivative under ASC 815-10-15-88. In such a contract, one party agrees to purchase all of its required quantity of an underlying asset exclusively from another party. The purchaser may buy only what it needs for its own operations and is prohibited from acquiring excess quantities for resale. Thus, the buyer commits to fulfilling all of its needs from the seller over the contract term (ASC 815-10-55-5).

To qualify as a derivative, a requirements contract must include a notional amount, consistent with ASC 815-10-55-5 through ASC 815-10-55-7. Entities should evaluate these contracts at each reporting date to determine whether they continue to meet the criteria for derivative accounting (ASC 815-10-15-103).

**Net Settlement**

Net settlement means that a company can settle a contract at maturity by exchanging cash rather than physically delivering the underlying asset (ASC 815-10-15-99). Net settlement may arise through the contract’s explicit terms, as a result of nonperformance or default, or through an established market mechanism.

**Premium**

Options require an upfront cash payment (premium) to enter into the contract. This one-time payment gives the option holder the right, but not the obligation, to benefit from favorable price movements (upside but not the downside). If the option is in the money, the holder will generally exercise it; if it is out of the money, the holder typically allows it to expire. In contrast, the option writer receives the premium as compensation for assuming the risk of potential adverse price movements inherent in the contract.

**Time Value**

Time value is the portion of an option’s premium that exceeds its intrinsic value prior to expiration. It represents the amount an investor is willing to pay above intrinsic value in anticipation that the option may gain value before it expires. Time value reflects the possibility that the underlying asset’s price will move favorably and generally increases with the length of time remaining until expiration. The accounting literature often refers to time value as extrinsic value because factors such as volatility, interest rates and time remaining influence it.

**ILLUSTRATION**

**First Scenario**

Entity A anticipates a probable sale to a German customer and has the euro as its functional currency. To hedge the foreign-currency risk associated with the forecasted sale, Entity A enters into a put option that grants it the right to sell €100,000 in six months. On January 1, 20X1 – and when the spot exchange rate is €1 = \$1.10 – Entity A purchases a put option that allows it to sell €100,000 for \$115,000, reflecting a strike price of \$1.15 per euro.

**Table 6. Journal Entries**

Periods/Dates	Purchased Option	Cash	Revenue	Other Comprehensive Income (OCI)
Beginning of the first quarter	\$3,100	(\$3,100)	\$ -	
End of the first quarter	(\$600)		\$1,550	(\$950)
Second quarter	(\$2,500)		\$1,550	\$950
		\$95,000	(\$95,000)	
Total		\$91,900	(\$91,900)	\$ -

In this scenario, the revenue declines to \$95,000 (100,000 times 0.95) and including the \$3,100 option acquisition cost, the revenue total is \$91,900, compared to \$136,933 in the first scenario. Entity A does not exercise the acquired option, thereby limiting its loss to the option's acquisition cost (\$3,100).

Entity A excludes from its hedge-effectiveness assessment all changes in the option's fair value other than intrinsic value, because the critical terms of the option are aligned with those of the forecasted transaction. Accordingly, changes in the option's intrinsic value are expected to offset the variability in the forecasted cash flows attributable to the risk of the U.S. dollar strengthening. Entity A designates the option as a hedge of a probable forecasted transaction and measures its fair value using the Black-Scholes-Merton model.

The hedge is effective if the U.S. dollar strengthens to \$1.00 per €1.15 or further; it becomes ineffective if the dollar does not reach that level. Because Entity A's exposure is one-sided, the option structure also preserves the upside potential should the dollar weaken, an economic benefit that a cash-flow hedge using a forward contract cannot provide. In this illustration, the critical terms of the option match those of the anticipated transaction, including the currency, notional amount and timing. The key assumptions are summarized in Table 1. Table 2 reflects the calculation of "spot" intrinsic value of option-contract. Table 3 reflects the journal entries of this transaction.

**Second Scenario**

In the first scenario, the option was effective because the U.S. dollar strengthened to a rate above \$1.00 to €1.15. However,

in the second scenario, the U.S. dollar does not rise to that level. The assumptions for the first and second quarters' spot rates remain the same, but the third-quarter spot rate drops to \$0.95. See Tables 4 and 5. Table 6 shows the journal entries.

**LATEST DEVELOPMENT**

In September 2025, FASB issued ASU 2025-07, *Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606)*. This ASU does not impact traditional market-standard put options. Nonetheless, companies need to evaluate each contract carefully for whether it meets the new scope exception (is non-exchange traded, underlying based on operations/activities of a party and not based on market rates/prices).

**SUMMARY**

An option contract is a financial derivative that gives the holder the right, but not the obligation, to buy or sell an underlying asset at a predetermined price (called the strike price) before or on a specific expiration date. Practitioners often associate option contracts with equity-based underlying; however, companies can use option contracts in

their foreign transactions to reduce the risk of FX fluctuations.

A put option contract is a financial derivative that gives the buyer the right, but not the obligation, to sell an underlying asset at a specified price within a specified period of time. On the other hand, a call option gives the right, but not the obligation, to purchase an underlying asset at a predetermined price before a set expiration date.

The article's illustration showed a put option, where a company sold to a buyer and received foreign currency. If instead the company had purchased goods from a foreign seller, it would have used a call option to hedge FX risk. In the first scenario, Entity A benefited when the U.S. dollar weakened against the euro but

remained exposed when the dollar strengthened. A cash flow hedge using a forward contract, however, locks in a set exchange rate (e.g., EUR/USD 1.15) and protects against both dollar strength and weakness.

**Footnote**

<sup>1</sup> The current spot rate adjusted for the interest rate differential between the two currencies over the contract term derives the forward exchange rates.



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Do you have questions about sales tax? Need help with multistate compliance after Wayfair? Taxability issues? Audit defense? Refunds? Business registration and licensing compliance? Voluntary disclosure? Let us be a resource for your firm and your clients. Clarus Partners is a national sales tax compliance and advisory firm. With offices across the U.S., our four partners have a combined 100+ years of experience in this arena. Let us know any way we can help.

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### Texas Sales and Mixed Beverage Tax Solutions

[MICHAEL J. ROBERTSON, CPA](#)

### Sales Tax and Mixed Beverage Tax Compliance - Are Your Clients Prepared?

Your client collects and remits Texas sales tax and/or mixed beverage tax - but are they truly in compliance?

Texas law requires businesses to maintain complete and organized records for **four years**. Keep in mind: records sufficient for federal income tax purposes often **do not** meet state requirements for sales tax. If your client's records are incomplete or poorly maintained, the Comptroller may classify the business as having **no internal controls**, leading to an **estimated audit** - which often results in substantial tax liabilities.

**Can your client afford that risk?** Our team of former Texas Comptroller auditors and supervisors can help ensure your clients are prepared and protected.

Call 817-478-5788 or 214-415-4333  
**Texas Sales and Mixed Beverage Tax Solutions**