

Streamlined Sales Tax Governing Board, Inc.

**Financial Statements
and Independent Auditor's Report**

June 30, 2015 and 2014

COHN  REZNICK
ACCOUNTING • TAX • ADVISORY

TABLE OF CONTENTS

| | <u>Page</u> |
|----------------------------------|-------------|
| Independent Auditor's Report | 1 |
| Financial Statements | |
| Statements of Financial Position | 2 |
| Statements of Activities | 3 |
| Statements of Cash Flows | 4 |
| Notes to Financial Statements | 5 |

Independent Auditor's Report

To the Board of Directors
Streamlined Sales Tax Governing Board, Inc.
Westby, Wisconsin

We have audited the accompanying financial statements of Streamlined Sales Tax Governing Board, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2015, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Streamlined Sales Tax Governing Board, Inc. as of June 30, 2015 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Streamlined Sales Tax Governing Board, Inc. as of June 30, 2014 were audited by other auditors, whose report dated November 14, 2014 expressed an unmodified opinion on those statements.



Tysons, Virginia
November 5, 2015

STREAMLINED SALES TAX GOVERNING BOARD, INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS

| | June 30, | |
|--------------------------------|-------------------|-------------------|
| | <u>2015</u> | <u>2014</u> |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 856,625 | \$ 678,880 |
| Accounts Receivable | 3,314 | 170 |
| Prepaid Expenses | 9,667 | 4,893 |
| | <u>869,606</u> | <u>683,943</u> |
| Total Current Assets | 869,606 | 683,943 |
| FURNITURE AND EQUIPMENT | | |
| Computer Equipment | 30,011 | 28,160 |
| Accumulated Depreciation | (25,577) | (22,814) |
| | <u>4,434</u> | <u>5,346</u> |
| TOTAL ASSETS | <u>\$ 874,040</u> | <u>\$ 689,289</u> |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------------|-------------------|-------------------|
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 988 | \$ 9,077 |
| Vacation Payable | 27,060 | 23,930 |
| Deferred Revenue | 269,658 | 193,558 |
| | <u>297,706</u> | <u>226,565</u> |
| Total Current Liabilities | 297,706 | 226,565 |
| NET ASSETS – UNRESTRICTED | <u>576,334</u> | <u>462,724</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 874,040</u> | <u>\$ 689,289</u> |

STREAMLINED SALES TAX GOVERNING BOARD, INC.

STATEMENTS OF ACTIVITIES

| | <u>Year Ended June 30,</u> | |
|--|----------------------------|-------------------|
| | <u>2015</u> | <u>2014</u> |
| REVENUES | | |
| Member Dues | \$ 954,998 | \$ 774,999 |
| Conference and Meeting Income | 48,288 | 51,335 |
| Investment Income | 677 | 1,057 |
| | <u>1,003,963</u> | <u>827,391</u> |
| Total Revenues | 1,003,963 | 827,391 |
| EXPENSES | | |
| Program Services | | |
| Conferences and Meetings | 149,175 | 141,975 |
| Central Registry and Website | 233,429 | 96,849 |
| Other Information Exchange | 78,624 | 81,217 |
| Software Certification | 49,497 | 67,092 |
| | <u>510,725</u> | <u>387,133</u> |
| Total Program Services | 510,725 | 387,133 |
| Supporting Services – Management and General | <u>379,628</u> | <u>418,145</u> |
| Total Expenses | <u>890,353</u> | <u>805,278</u> |
| CHANGE IN NET ASSETS | 113,610 | 22,113 |
| NET ASSETS, Beginning of Year | <u>462,724</u> | <u>440,611</u> |
| NET ASSETS, End of Year | <u>\$ 576,334</u> | <u>\$ 462,724</u> |

STREAMLINED SALES TAX GOVERNING BOARD, INC.

STATEMENTS OF CASH FLOWS

| | <u>Year Ended June 30,</u> | |
|---|----------------------------|-------------------|
| | <u>2015</u> | <u>2014</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 113,610 | \$ 22,113 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities | | |
| Depreciation | 2,763 | 3,795 |
| Change in: | | |
| Accounts Receivable | (3,144) | 747 |
| Prepaid Expenses | (4,774) | 13,431 |
| Accounts Payable | (8,089) | 5,413 |
| Vacation Payable | 3,130 | 10,969 |
| Deferred Revenue | 76,100 | 7,192 |
| | <u>179,596</u> | <u>63,660</u> |
| Net Cash Provided by Operating Activities | | |
| CASH USED IN INVESTING ACTIVITIES | | |
| Purchase of Furniture and Equipment | <u>(1,851)</u> | <u>-</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 177,745 | 63,660 |
| CASH AND CASH EQUIVALENTS, Beginning of Year | <u>678,880</u> | <u>615,220</u> |
| CASH AND CASH EQUIVALENTS, End of Year | <u>\$ 856,625</u> | <u>\$ 678,880</u> |

STREAMLINED SALES TAX GOVERNING BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Streamlined Sales Tax Governing Board, Inc. (the Governing Board) was incorporated October 1, 2005 under the laws of the state of Indiana to administer and operate the Streamlined Sales and Use Tax Agreement. The mission of the Governing Board is to assist states as they administer a simpler and more uniform sales and use tax system. The Governing Board manages a sales tax registration system, provides an official repository for documents relating to sales taxes, and facilitates information exchange between the states through hosting of various meetings or conferences and its website.

As of January 1, 2015, there were 23 full-member states, which are in compliance with the Streamlined Sales and Use Tax Agreement through state laws, regulations and policies. There is also one associate-member state. An associate-member state is a state that is in compliance with the Streamlined Sales and Use Tax Agreement, except that its laws, rules, regulations and policies to bring the state into compliance are not in effect but are scheduled to take effect no later than 12 months after becoming an associate member.

The Governing Board's major sources of revenue are annual dues and registration fees to offset the costs of conferences. Annual dues are charged to member states based on an allocation of operational costs of the Governing Board based on a two-factor formula. Fifty percent of the costs is split equally among the member states, and 50 percent is allocated based on each state's proportionate share of total general retail state and local sales tax revenues collected by all member states as reported by the U.S. Bureau of Census for the most recent fiscal year available as of the date that the dues are established. Each state is required to pay a \$20,000 petition fee upon application for membership, which is retained if the state's petition is approved by the Governing Board, or refunded if the petition is not approved.

Basis of Accounting

The Governing Board maintains its records on the accrual basis of accounting. Accordingly, revenue is recognized during the period in which it is earned and expenses are recognized when incurred. Annual dues received in advance are deferred to the applicable period.

Cash and Cash Equivalents

The Governing Board considers all short-term, highly liquid investments with maturities of three months or less at the date of their acquisition to be cash and cash equivalents.

The Governing Board maintains balances of demand deposits in excess of federal coverage. The amounts on deposit in excess of federal coverage at June 30, 2015 were approximately \$475,000.

Accounts Receivable

Accounts receivable represent amounts due from attendees for various meetings and conferences. Based on past experience and periodic detailed review of its receivables, management provides an allowance for doubtful accounts to provide for accounts that may not be realized. There was no allowance for doubtful accounts recognized for the years ended June 30, 2015 and 2014. Accounts receivable are charged off when efforts to collect are complete and the accounts are deemed uncollectible.

STREAMLINED SALES TAX GOVERNING BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Furniture and Equipment

Equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives, ranging from three to 10 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Allocation of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and services benefited.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Governing Board has evaluated subsequent events and transactions for potential recognition or disclosure through November 5, 2015, the date the financial statements were available to be issued.

Reclassifications

Certain amounts in the 2014 financial statements were reclassified for consistency with 2015. There was no effect on previously reported change in net assets.

NOTE 2 – INCOME TAXES

The Governing Board is an exempt organization under Section 501(c)(6) of the Internal Revenue Code.

The Governing Board believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Governing Board recognizes interest accrued related to unrecognized tax benefits and penalties in supporting services-management and general expenses on the statements of activities.

There was no unrelated business income during the years ended June 30, 2015 and 2014; therefore, there is no provision in these financial statements for income taxes or interest and penalties related to unrecognized tax benefits. Tax years prior to 2011 are no longer subject to examination by the Internal Revenue Service or the applicable state tax jurisdictions.

STREAMLINED SALES TAX GOVERNING BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 3 – OPERATING LEASE

The Governing Board has a lease for office space which is in effect through June 30, 2017. The lease agreement requires monthly payments of \$765. Future minimum lease payments are \$9,180 for 2016 and 2017. Rent expense amounted to \$9,516 and \$9,378 for 2015 and 2014, respectively.

NOTE 4 – RETIREMENT PLAN

The Governing Board has established a Simple IRA plan for the benefit of its employees which provides for voluntary employee contributions to an IRA account and an employer match up to 3 percent of the employee's salary. Contributions to the Plan for 2015 and 2014 amounted to \$4,862 and \$4,822, respectively.

NOTE 5 – COMMITMENT

The Governing Board has committed to hotel conference arrangements through May 2016. The agreement states that the Governing Board is liable for liquidated damages in the event of a cancellation or failure to meet the minimum required guest room nights. The maximum liability under the agreement is \$26,082.

COHN  REZNICK
ACCOUNTING • TAX • ADVISORY

Independent Member of Nexia International

cohnreznick.com