

Streamlined Sales Tax Governing Board, Inc.

Financial Statements
and
Independent Auditor's Report

Years Ended June 30, 2019 and 2018

Table of Contents

Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position.....	2
Statements of Activities	3
Statements of Functional Expenses.....	4
Statements of Cash Flows	5
Notes to Financial Statements	6-10

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. (the Governing Board) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 Governing Board'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 Governing Board'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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



SNYDER COHN, PC
North Bethesda, Maryland
October 18, 2019

Streamlined Sales Tax Governing Board, Inc.

Statements of Financial Position

June 30	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,360,206	\$ 1,276,583
Accounts receivable	3,275	5,250
Prepaid expenses	9,851	715
Total current assets	1,373,332	1,282,548
Furniture and equipment		
Computer equipment	41,614	35,098
Accumulated depreciation	(35,977)	(33,059)
Total furniture and equipment	5,637	2,039
Total assets	\$ 1,378,969	\$ 1,284,587
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 13,023	\$ 18,815
Vacation and sick leave payable	39,918	31,941
Deferred revenue	185,668	211,430
Total liabilities	238,609	262,186
Commitments		
Net assets:		
Without donor restrictions	1,140,360	1,022,401
Total liabilities and net assets	\$ 1,378,969	\$ 1,284,587

Streamlined Sales Tax Governing Board, Inc.

Statements of Activities

For the years ended June 30	2019	2018
Revenue without donor restrictions:		
Member dues	\$ 983,650	\$ 983,650
Conference and meeting income	68,590	49,225
Investment income	26,640	7,060
Total revenue	<u>1,078,880</u>	<u>1,039,935</u>
Expenses:		
Program services:		
Conferences and meetings	141,916	135,055
Central registry and website	256,431	162,304
Other information exchange	62,902	112,105
Software certification	42,520	31,499
Total program services	<u>503,769</u>	<u>440,963</u>
Supporting services:		
Management and general	<u>457,152</u>	<u>421,295</u>
Total expenses	<u>960,921</u>	<u>862,258</u>
Change in net assets	117,959	177,677
Net assets - beginning	<u>1,022,401</u>	<u>844,724</u>
Net assets - ending	<u>\$ 1,140,360</u>	<u>\$ 1,022,401</u>

Streamlined Sales Tax Governing Board, Inc.

Statements of Functional Expenses

For the years ended June 30	2019			2018		
	Program Services	General and Administrative	Total Expenses	Program Services	General and Administrative	Total Expenses
Salaries and wages	\$ 287,643	\$ 92,276	\$ 379,919	\$ 253,588	\$ 55,666	\$ 309,254
Employee benefits	5,162	1,630	6,792	5,662	1,243	6,905
Payroll taxes	21,669	6,843	28,512	19,328	4,243	23,571
Central registration system	115,346	-	115,346	71,309	-	71,309
Conferences and meetings	66,367	-	66,367	58,058	-	58,058
Depreciation	-	2,918	2,918	-	3,021	3,021
Information technology	-	6,377	6,377	-	5,889	5,889
Occupancy	7,582	2,394	9,976	8,409	1,846	10,255
Office expenses	-	19,761	19,761	-	19,938	19,938
Professional fees	-	200,913	200,913	24,609	211,479	236,088
Travel	-	124,040	124,040	-	117,970	117,970
Total expenses	<u>\$ 503,769</u>	<u>\$ 457,152</u>	<u>\$ 960,921</u>	<u>\$ 440,963</u>	<u>\$ 421,295</u>	<u>\$ 862,258</u>

See Accompanying Notes

Streamlined Sales Tax Governing Board, Inc.

Statements of Cash Flows

For the years ended June 30	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 117,959	\$ 177,677
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,918	3,021
(Increase) decrease in:		
Accounts receivable	1,975	(4,540)
Prepaid expenses	(9,136)	8,867
Increase (decrease) in:		
Accounts payable	(5,792)	9,934
Vacation and sick leave payable	7,977	535
Deferred revenue	(25,762)	(19,145)
Net cash provided by operating activities	<u>90,139</u>	<u>176,349</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(6,516)</u>	<u>-</u>
Net increase in cash and cash equivalents	83,623	176,349
Cash and cash equivalents - beginning	<u>1,276,583</u>	<u>1,100,234</u>
Cash and cash equivalents - ending	<u>\$ 1,360,206</u>	<u>\$ 1,276,583</u>

Supplemental disclosure of cash flow information:

Cash paid during the year for:		
Interest	\$ -	\$ -

Streamlined Sales Tax Governing Board, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Note 1: Summary of significant accounting policies:

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, 2019, there were 23 full-member states, which are in compliance with the Streamlined Sales and Use Tax Agreement (the "Agreement") through state laws, regulations and policies. There is also one associate-member state. An associate state is a state that has achieved substantial compliance with the terms of the Agreement taken as a whole, but not necessarily each provision as required by Section 805, measured qualitatively. An associate-member state shall become a full member when such state has been found in compliance pursuant to Sections 804 and 805 of the Agreement and the changes to their statutes, rules, regulations or other authorities necessary to bring them into compliance are in effect.

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 are split equally among the member states, and fifty percent are 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 presentation - The financial statements of the Governing Board have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Therefore, revenues and the related assets are recognized when earned, and expenses and the related liabilities are recognized when the obligations are incurred and classified based on the existence or absence of donor-imposed restrictions. Annual dues received in advance are deferred to the applicable period.

Streamlined Sales Tax Governing Board, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Note 1: Summary of significant accounting policies: (continued)

Financial statement presentation - The Governing Board reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. At June 30, 2019 and 2018, there were no net assets with donor restrictions.

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

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, 2019 and 2018. Accounts receivable are charged off when efforts to collect are complete and the accounts are deemed uncollectible.

Furniture and equipment - Equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives, ranging from 3 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.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

Income taxes - The Governing Board is exempt from federal income tax under Section 501 (c)(6) of the Internal Revenue Code. The Governing Board is required to report unrelated business income to the IRS. The Governing Board reported no unrelated business income tax expense for the years ended June 30, 2019 and 2018.

Streamlined Sales Tax Governing Board, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Note 1: Summary of significant accounting policies: (continued)

Accounting for uncertainty in income taxes - The Governing Board accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax effect is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for uncertain tax positions. Interest and penalties, if any, are accrued as a component of general and administrative expenses when assessed. Income tax years ended prior to June 30, 2016 are no longer subject to audit by taxing authorities.

Concentration of credit risk - The Governing Board maintains its cash balances at a financial institution. The accounts at this institution are guaranteed by the National Credit Union Administration (NCUA) up to certain limits. At various times throughout the year, cash balances at this institution exceeded the federally insured limits. The amounts on deposit in excess of federal coverage at June 30, 2019 and 2018 were approximately \$1,125,000 and \$1,027,000, respectively.

Change in accounting principle - On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the types of information provided about expenses and investment return. The Governing Board has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which had no impact on previously reported net assets.

Streamlined Sales Tax Governing Board, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Note 2: Liquidity and availability:

The following reflects the Governing Board's financial assets on June 30, 2019, reduced by amounts that are not available for general use because of donor-imposed purpose restrictions within one year of the balance sheet date.

Financial assets:	
Cash and cash equivalents	\$ 1,360,206
Accounts receivable	<u>3,275</u>
	1,363,481
Less those unavailable for general expenditure within one year, due to:	
Amounts designated for future purpose and time restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,363,481</u>

As part of the Governing Board's liquidity management plan, it manages its operations within a balanced budget and invests cash in excess of daily requirements in money market funds and CDs.

Note 3: Operating lease:

The Governing Board has a lease for office space on a month-to-month basis following the June 30, 2018 expiration of the one year lease term as included in the lease agreement dated April 30, 2017. The lease agreement requires minimum monthly rent of \$765 and certain operating costs of the lessor. Rent expense amounted to \$9,976 and \$10,255 for June 30, 2019 and 2018, 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 June 30, 2019 and 2018 amounted to \$6,792 and \$6,905, respectively.

Streamlined Sales Tax Governing Board, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Note 5: Commitments:

The Governing Board has committed to hotel conference arrangements through May 2020. The agreements state 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 and food and beverage fees. The Governing Board obtains and maintains insurance in amounts sufficient to provide coverage for any liabilities, which may reasonably arise out of or result from the obligations pursuant to these contracts. The maximum liability under these agreements are approximately \$105,880.

Note 6: Functional allocation of expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits, payroll taxes, and occupancy, which are allocated based on the estimated percentage of time each employee spends on each program or management activity. All other expenses are allocated based on the invoices received for the expense and the specific category that the invoice relates to.

Note 7: Subsequent events:

Subsequent events have been evaluated through October 18, 2019, which is the date the financial statements were available to be issued.

Snyder Cohn, PC
CPAs and Trusted Advisors
11200 Rockville Pike, Suite 415
North Bethesda, MD 20852
www.snydercohn.com
301-652-6700