

**Streamlined Sales Tax Governing Board,
Inc.**

Financial Statements
and
Independent Auditor's Report

Years Ended June 30, 2021 and 2020

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	6-11

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, 2021 and 2020, 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 audits 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, 2021 and 2020, 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
September 28, 2021



Streamlined Sales Tax Governing Board, Inc.

Statements of Financial Position

June 30	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,461,160	\$ 1,519,660
Accounts receivable	902	-
Prepaid expenses	3,925	8,740
Total current assets	1,465,987	1,528,400
Furniture and equipment:		
Computer equipment	16,234	43,280
Furniture	1,516	-
Accumulated depreciation	(14,140)	(38,351)
Total furniture and equipment	3,610	4,929
Total assets	\$ 1,469,597	\$ 1,533,329
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 2,618	\$ 12,852
Vacation and sick leave payable	66,853	59,806
Deferred revenue	138,425	92,266
Total liabilities	207,896	164,924
Net assets:		
Without donor restrictions	1,261,701	1,368,405
Total liabilities and net assets	\$ 1,469,597	\$ 1,533,329

Streamlined Sales Tax Governing Board, Inc.

Statements of Activities

For the years ended June 30	2021	2020
Revenue without donor restrictions:		
Member dues	\$ 491,825	\$ 983,650
Conference and meeting income	-	33,500
Investment income	16,115	29,405
Total revenue	<u>507,940</u>	<u>1,046,555</u>
Expenses:		
Program services:		
Conferences and meetings	100,873	108,519
Central registry and website	177,263	198,683
Other information exchange	44,445	77,883
Software certification	46,707	47,594
Total program services	<u>369,288</u>	<u>432,679</u>
Supporting services:		
Management and general	<u>245,356</u>	<u>385,831</u>
Total expenses	<u>614,644</u>	<u>818,510</u>
Change in net assets	(106,704)	228,045
Net assets - beginning	<u>1,368,405</u>	<u>1,140,360</u>
Net assets - ending	<u>\$ 1,261,701</u>	<u>\$ 1,368,405</u>

Streamlined Sales Tax Governing Board, Inc.

Statements of Functional Expenses

For the years ended June 30	2021			2020		
	Program Services	General and Administrative	Total Expenses	Program Services	General and Administrative	Total Expenses
Salaries and wages	\$ 269,949	\$ 110,154	\$ 380,103	\$ 291,636	\$ 97,212	\$ 388,848
Employee benefits	5,687	2,320	8,007	4,924	1,641	6,565
Payroll taxes	20,344	8,301	28,645	20,995	6,999	27,994
Central registration system	65,574	-	65,574	77,534	-	77,534
Conferences and meetings	500	-	500	30,636	-	30,636
Depreciation	-	2,836	2,836	-	2,374	2,374
Information technology	-	9,466	9,466	-	10,426	10,426
Occupancy	7,234	2,951	10,185	6,954	2,318	9,272
Office expenses	-	13,233	13,233	-	20,920	20,920
Professional fees	-	94,995	94,995	-	137,123	137,123
Travel	-	1,100	1,100	-	106,818	106,818
Total expenses	<u>\$ 369,288</u>	<u>\$ 245,356</u>	<u>\$ 614,644</u>	<u>\$ 432,679</u>	<u>\$ 385,831</u>	<u>\$ 818,510</u>

See Accompanying Notes

Streamlined Sales Tax Governing Board, Inc.

Statements of Cash Flows

For the years ended June 30	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (106,704)	\$ 228,045
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,836	2,374
(Increase) decrease in:		
Accounts receivable	(902)	3,275
Prepaid expenses	4,815	1,111
Increase (decrease) in:		
Accounts payable	(10,234)	(171)
Vacation and sick leave payable	7,047	19,888
Deferred revenue	46,159	(93,402)
Net cash provided by (used in) operating activities	<u>(56,983)</u>	<u>161,120</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(1,517)</u>	<u>(1,666)</u>
Net increase (decrease) in cash and cash equivalents	(58,500)	159,454
Cash and cash equivalents - beginning	<u>1,519,660</u>	<u>1,360,206</u>
Cash and cash equivalents - ending	<u><u>\$ 1,461,160</u></u>	<u><u>\$ 1,519,660</u></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, 2021 and 2020

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 June 30, 2021, there were twenty-three full-member states. Twenty-two of the full-member states are in substantial compliance with the Streamlined Sales and Use Tax Agreement (the "Agreement") through state laws, regulations and policies and one state (Georgia) is not in substantial compliance. There is also one associate-member state. An associate-member 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, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020. Accounts receivable are charged off when efforts to collect are complete and the accounts are deemed uncollectible.

Furniture and equipment - Furniture and 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, 2021 and 2020.

Streamlined Sales Tax Governing Board, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

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, 2018 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, 2021 and 2020 were approximately \$1,215,000 and \$1,293,000, respectively.

Change in accounting principle - In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The update establishes a comprehensive revenue recognition standard for virtually all industries under GAAP including those that previously followed industry-specific guidance. The principle of the update is that an entity should recognize revenue to depict the transfer of promised goods and services to customers under a contract in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in Topic 606 requires comprehensive disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. The Governing Board adopted the ASU 2014-09 using the modified retrospective method to all periods presented, which had no impact on current or previously reported net income.

Revenue recognition - The Governing Board evaluates whether a contribution is conditional, which affects the timing of the revenue recognized. Unconditional contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. Conditional contributions received are accounted for as a liability initially, until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions. When a stipulated donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and released from restrictions.

Streamlined Sales Tax Governing Board, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

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

Revenue recognition - (continued) Member dues revenue from states include access to a multitude of benefits. The Governing Board recognizes revenue over the membership period, which is the same as the Governing Board's fiscal year. Conference and meeting revenue is recognized when the conference or meeting occurs.

Revenue disaggregation - In accordance with ASU 2014-09, the Governing Board disaggregates revenue from contracts with customers into major revenue streams and the timing of recognizing revenue. Revenue generated from memberships is recognized over the performance obligation period, while the revenue generated from conferences and meetings is recognized at a point-in-time.

Risks and uncertainties - In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a pandemic. The Governing Board did experience a decline in overall revenues during the year ended June 30, 2021 and while the impact of COVID-19 is expected to be temporary, the continued existence of COVID-19 and its impact on society and industries may continue to adversely affect the Governing Board's operations and financial condition.

Note 2: Liquidity and availability:

The following reflects the Governing Board's financial assets on June 30, 2021 and 2020, reduced by amounts that are not available for general use because of donor-imposed purpose restrictions within one year of the balance sheet date.

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 1,461,160	\$ 1,519,660
Accounts receivable	902	-
	<u>1,462,062</u>	<u>1,519,660</u>
Less those unavailable for general expenditure within one year, due to:		
Amounts designated for future purpose and time restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,462,062</u>	<u>\$ 1,519,660</u>

Streamlined Sales Tax Governing Board, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 2: Liquidity and availability: (continued)

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 \$10,185 and \$9,272 for the years ended June 30, 2021 and 2020, 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 the years ended June 30, 2021 and 2020 amounted to \$8,007 and \$6,565, respectively.

Note 5: Commitments:

The Governing Board has committed to hotel conference arrangements through October 2021. 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 is approximately \$13,340.

Streamlined Sales Tax Governing Board, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

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 September 28, 2021, which is the date the financial statements were available to be issued.

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