

Streamlined Sales Tax Governing Board, Inc.

Financial Statements
and
Independent Auditor's Report

Years Ended June 30, 2022 and 2021

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Independent Auditor's Report

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Governing Board and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Governing Board's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Governing Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Governing Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink that reads "Snyder Cohn, PC". The signature is written in a cursive, flowing style.

SNYDER COHN, PC
North Bethesda, Maryland
October 17, 2022

Streamlined Sales Tax Governing Board, Inc.

Statements of Financial Position

June 30	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,818,552	\$ 1,461,160
Accounts receivable	-	902
Prepaid expenses	3,612	3,925
Total current assets	1,822,164	1,465,987
Furniture and equipment:		
Computer equipment	25,652	16,234
Furniture	1,516	1,516
Accumulated depreciation	(16,920)	(14,140)
Total furniture and equipment	10,248	3,610
Other assets:		
Restricted cash and cash equivalents	100,199	-
Total assets	\$ 1,932,611	\$ 1,469,597
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 17,487	\$ 2,618
Vacation and sick leave payable	95,735	66,853
Deferred revenue	215,373	138,425
Total current liabilities	328,595	207,896
Non-current liabilities:		
Security deposit payable	100,199	-
Total liabilities	428,794	207,896
Net assets:		
Without donor restrictions	1,503,817	1,261,701
Total liabilities and net assets	\$ 1,932,611	\$ 1,469,597

See Accompanying Notes

Streamlined Sales Tax Governing Board, Inc.

Statements of Activities

For the years ended June 30	2022	2021
Revenue without donor restrictions:		
Member dues	\$ 983,650	\$ 491,825
Conference and meeting income	43,800	-
Investment income	6,798	16,115
Total revenue	<u>1,034,248</u>	<u>507,940</u>
Expenses:		
Program services:		
Conferences and meetings	203,635	100,873
Central registry and website	180,458	177,263
Other information exchange	56,164	44,445
Software certification	37,166	46,707
Total program services	<u>477,423</u>	<u>369,288</u>
Supporting services:		
General and administrative	<u>314,709</u>	<u>245,356</u>
Total expenses	<u>792,132</u>	<u>614,644</u>
Change in net assets	242,116	(106,704)
Net assets - beginning	<u>1,261,701</u>	<u>1,368,405</u>
Net assets - ending	<u>\$ 1,503,817</u>	<u>\$ 1,261,701</u>

Streamlined Sales Tax Governing Board, Inc.

Statements of Functional Expenses

For the years ended June 30	2022			2021		
	Program Services	General and Administrative	Total Expenses	Program Services	General and Administrative	Total Expenses
Salaries and wages	\$ 246,070	\$ 165,418	\$ 411,488	\$ 269,949	\$ 110,154	\$ 380,103
Employee benefits	5,905	3,969	9,874	5,687	2,320	8,007
Payroll taxes	17,564	11,808	29,372	20,344	8,301	28,645
Central registration system	81,271	-	81,271	65,574	-	65,574
Conferences and meetings	43,340	-	43,340	500	-	500
Depreciation	-	2,779	2,779	-	2,836	2,836
Information technology	-	10,955	10,955	-	9,466	9,466
Occupancy	6,211	4,176	10,387	7,234	2,951	10,185
Office expenses	-	17,705	17,705	-	13,233	13,233
Professional fees	-	86,849	86,849	-	94,995	94,995
Travel	77,062	11,050	88,112	-	1,100	1,100
Total expenses	<u>\$ 477,423</u>	<u>\$ 314,709</u>	<u>\$ 792,132</u>	<u>\$ 369,288</u>	<u>\$ 245,356</u>	<u>\$ 614,644</u>

See Accompanying Notes

Streamlined Sales Tax Governing Board, Inc.

Statements of Cash Flows

For the years ended June 30	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 242,116	\$ (106,704)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,779	2,836
(Increase) decrease in:		
Accounts receivable	902	(902)
Prepaid expenses	313	4,815
Increase (decrease) in:		
Accounts payable	14,869	(10,234)
Vacation and sick leave payable	28,882	7,047
Deferred revenue	76,948	46,159
Security deposit payable	100,199	-
Net cash provided by (used in) operating activities	<u>467,008</u>	<u>(56,983)</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>(9,417)</u>	<u>(1,517)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	457,591	(58,500)
Cash, cash equivalents and restricted cash - beginning	<u>1,461,160</u>	<u>1,519,660</u>
Cash, cash equivalents and restricted cash - ending	<u><u>\$ 1,918,751</u></u>	<u><u>\$ 1,461,160</u></u>
Reconciliation of cash and cash equivalents reported on the statements of financial position:		
Cash and cash equivalents	\$ 1,818,552	\$ 1,461,160
Restricted cash and cash equivalents	<u>100,199</u>	<u>-</u>
Total cash, cash equivalents and restricted cash - ending	<u><u>\$ 1,918,751</u></u>	<u><u>\$ 1,461,160</u></u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ -	\$ -

See Accompanying Notes

Streamlined Sales Tax Governing Board, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

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, 2022, 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, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021. 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.

Restricted cash and cash equivalents - The Governing Board requires certified service providers (CSP) to keep a \$100,000 surety bond in place. Most CSPs maintain their own security deposits, but one of the CSPs chose to hold this security deposit with the Governing Board directly during the year ended June 30, 2022. The deposit is required to be held in a certificate of deposit and is due back to the CSP upon request.

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.

Streamlined Sales Tax Governing Board, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

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

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, 2022 and 2021.

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, 2019 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, 2022 and 2021 were approximately \$1,677,000 and \$1,215,000, respectively.

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.

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.

Streamlined Sales Tax Governing Board, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

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

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.

Contract liabilities - The Governing Board receives payments for some services in advance of the period in which it is earned. These contract liabilities are recognized as deferred revenue until the revenue is earned. The beginning and ending balances of contract liabilities are as follows:

July 1, 2020	\$	92,266
June 30, 2021	\$	138,425
June 30, 2022	\$	215,373

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, which rebounded during the year ended June 30, 2022. 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.

Streamlined Sales Tax Governing Board, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Note 2: Liquidity and availability:

The following reflects the Governing Board's financial assets on June 30, 2022 and 2021, reduced by amounts that are not available for general use because of donor-imposed purpose restrictions within one year of the balance sheet date.

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 1,818,552	\$ 1,461,160
Accounts receivable	<u>-</u>	<u>902</u>
	1,818,552	1,462,062
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>\$ 1,818,552</u>	<u>\$ 1,462,062</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. Monthly rent was increased to \$775 for the year ended June 30, 2022. Rent expense amounted to \$10,387 and \$10,185 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021 amounted to \$9,874 and \$8,007, respectively.

Streamlined Sales Tax Governing Board, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

Note 5: Commitments:

The Governing Board has committed to hotel conference arrangements through October 2022. 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 \$79,268.

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 17, 2022, which is the date the financial statements were available to be issued.

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