

**PROPERTY TAX EDUCATION COALITION
INCORPORATED**

FINANCIAL STATEMENTS

**Years Ended December 31, 2017 and 2016
with Report of Independent Auditors**

**PROPERTY TAX EDUCATION COALITION
INCORPORATED**

FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016

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REPORT OF INDEPENDENT AUDITORS

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To the Board of Directors of
Property Tax Education Coalition Incorporated

We have audited the accompanying financial statements of Property Tax Education Coalition Incorporated, a not-for-profit organization, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets 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 Property Tax Education Coalition Incorporated as of December 31, 2017, 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.

Other Matter

The financial statements of Property Tax Education Coalition Incorporated as of December 31, 2016, were audited by other auditors whose report dated August 7, 2017, expressed an unmodified opinion on those statements.



Fort Worth, Texas
July 17, 2018

PROPERTY TAX EDUCATION COALITION INCORPORATED

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2017	2016
Assets		
Cash and cash equivalents	\$ 600,398	\$ 546,607
Accounts receivable	691	4,391
Prepaid expenses	896	977
Property and equipment, net	123	123
Total assets	<u>\$ 602,108</u>	<u>\$ 552,098</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 44,446	\$ -
Unrestricted net assets	<u>557,662</u>	<u>552,098</u>
Total liabilities and net assets	<u>\$ 602,108</u>	<u>\$ 552,098</u>

See accompanying notes to financial statements.

PROPERTY TAX EDUCATION COALITION INCORPORATED
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended December 31	
	2017	2016
Revenue, gains, and other support:		
Program service revenue	\$ 115,495	\$ 136,620
Interest income	4,106	2,273
Total revenue, gains, and other support	119,601	138,893
Expenses:		
Course revisions and materials	17,038	33,195
General and administrative	40,400	37,056
Professional services	4,349	4,169
Related-party reimbursements	52,250	-
Total expenses	114,037	74,420
Change in net assets	5,564	64,473
Net assets at beginning of year	552,098	487,625
Net assets at end of year	\$ 557,662	\$ 552,098

See accompanying notes to financial statements.

PROPERTY TAX EDUCATION COALITION INCORPORATED

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2017	2016
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Change in net assets	\$ 5,564	\$ 64,473
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	-	248
Changes in net assets and liabilities:		
Accounts receivable	3,700	(3,945)
Prepaid expenses	81	(28)
Accounts payable and accrued expenses	44,446	-
Net cash provided by operating activities	<u>53,791</u>	<u>60,748</u>
Net increase in cash and cash equivalents	53,791	60,748
Cash and cash equivalents at beginning of year	<u>546,607</u>	<u>485,859</u>
Cash and cash equivalents at end year	<u><u>\$ 600,398</u></u>	<u><u>\$ 546,607</u></u>

See accompanying notes to financial statements.

**PROPERTY TAX EDUCATION COALITION
INCORPORATED**

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

A. Nature of Activities

The Property Tax Education Coalition Incorporated (the "Organization") is a non-profit organization that was incorporated on October 8, 2009. The Organization's purpose is to provide state required education for appraisers, assessors, and collectors.

B. Summary of Significant Accounting Policies

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Under GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Organization does not have any temporarily or permanently restricted net assets as of December 31, 2017 or 2016.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

Contributions

The Organization accounts for any contributions in accordance with GAAP, which requires contributions received to be recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restriction. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

**PROPERTY TAX EDUCATION COALITION
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NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization held cash equivalents which had a balance of approximately \$374,000 and \$371,000 at December 31, 2017 and 2016, respectively. The Organization maintains cash, money market deposits, and certificates of deposits in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (“FDIC”) and Securities Investor Protection Corporation (“SIPC”). The Organization has not experienced any losses related to amounts in excess of FDIC and SIPC limits.

Accounts Receivable

Accounts receivable represent amounts due from customers and others in the ordinary course of business. Management evaluates the adequacy of an allowance for doubtful accounts based on a review of individual accounts. The primary factors considered in determining the amount of the allowance are collection history, the aging of the accounts, and other specific information known to management that may affect collectability. No allowance for doubtful accounts was considered necessary at December 31, 2017 and 2016.

Property and Equipment

Property and equipment that has been donated to the Organization is recorded at its fair market value on the date of donation and property and equipment that has been purchased is recorded at cost. The Organization considers all capital expenditures in excess of \$1,000 for capitalization. Depreciation has been recorded using the straight-line method over the estimated useful lives of the respective assets. The estimated life of the computer and office equipment ranged from 3 to 5 years.

The cost of assets sold or retired, as well as any accumulated depreciation, is removed from the accounts at the time of disposal, and any resulting gains or losses are included in the statement of activities and changes in net assets of the respective period.

**PROPERTY TAX EDUCATION COALITION
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NOTES TO FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies – continued

Federal Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code, as an organization other than a private foundation. Therefore, no provision for federal income taxes has been included in the accompanying financial statements.

GAAP prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. Management believes that it has not taken a tax position that, if challenged, would have a material effect on the Organization's financial statements.

The Organization files Form 990 in the United States federal jurisdiction and no tax returns are currently under examination by any tax authorities. The Organization did not incur any penalties or interest during the years ended December 31, 2017 and 2016.

C. Property and Equipment

As of December 31, 2017 and 2016, property and equipment, net, consisted of certain computer and equipment assets with a total balance of \$1,239 less accumulated depreciation of \$1,116.

D. Related-Party Transactions

The Organization receives licensing fees for its course materials from the Texas Association of Appraisal Districts, the Texas Association of Appraisal Officers, and the Texas Assessor/Collector Association. These organizations have representation on the Organization's Board of Directors. Revenues from these organizations totaled approximately \$50,000 and \$60,000 for the years ended December 31, 2017 and 2016, respectively.

During 2017, the Organization's Board of Directors approved certain amounts to be paid out to its founding member organizations as a return of funds that were originally paid in to seed the Organization. The Organization paid approximately \$17,000 in 2017 and approximately \$35,000 was paid in January 2018, which is recorded within accounts payable and accrued expenses on the accompanying statements of financial position. The total expense of approximately \$52,000 has been recorded as related-party reimbursements on the accompanying statements of activities and changes in net assets.

E. Subsequent Events

In preparing the accompanying financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through July 17, 2018, the date the financial statements were available for issuance.