

**PROPERTY TAX EDUCATION
COALITION INCORPORATED**

FINANCIAL STATEMENTS

**Years Ended December 31, 2021 and 2020
with Report of Independent Auditors**

**PROPERTY TAX EDUCATION
COALITION INCORPORATED**

FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Property Tax Education Coalition Incorporated

Opinion

We have audited the accompanying financial statements of Property Tax Education Coalition Incorporated (the "Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Organization, 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 the financial statements in accordance with GAAP, and for 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 Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities 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 GAAS 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 GAAS, 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 Organization'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 Organization'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.

Whitley Penn LLP

Fort Worth, Texas
September 9, 2022

PROPERTY TAX EDUCATION COALITION INCORPORATED

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2021	2020
Assets		
Cash and cash equivalents	\$ 472,216	\$ 478,742
Accounts receivable	-	24
Prepaid expenses	519	519
	<u>519</u>	<u>519</u>
Total assets	<u>\$ 472,735</u>	<u>\$ 479,285</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,375	\$ -
Net assets without donor restrictions	<u>471,360</u>	<u>479,285</u>
Total liabilities and net assets	<u>\$ 472,735</u>	<u>\$ 479,285</u>

See accompanying notes to financial statements.

PROPERTY TAX EDUCATION COALITION INCORPORATED

STATEMENTS OF ACTIVITIES

	Year Ended December 31,	
	2021	2020
	<u> </u>	<u> </u>
Revenue, gains, and other support:		
Program service revenue	\$ 75,276	\$ 56,070
Interest income	128	4,411
Total revenue, gains, and other support	<u>75,404</u>	<u>60,481</u>
Expenses:		
Program activities:		
Course revisions and materials	16,919	29,381
Copyright fees	-	6,500
Total program activities	<u>16,919</u>	<u>35,881</u>
Support activities - management and general:		
Administrator expense	47,000	45,020
Other general and administrative	4,010	5,798
Professional services	15,400	12,150
Total support activities - management and general	<u>66,410</u>	<u>62,968</u>
Total expenses	<u>83,329</u>	<u>98,849</u>
Change in net assets	(7,925)	(38,368)
Net assets at beginning of year	<u>479,285</u>	<u>517,653</u>
Net assets at end of year	<u><u>\$ 471,360</u></u>	<u><u>\$ 479,285</u></u>

See accompanying notes to financial statements.

PROPERTY TAX EDUCATION COALITION INCORPORATED

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2021	2020
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Change in net assets	\$ (7,925)	\$ (38,368)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Changes in net assets and liabilities:		
Accounts receivable	24	2,696
Accounts payable and accrued expenses	1,375	(7,275)
Net cash used in operating activities	<u>(6,526)</u>	<u>(42,947)</u>
Net decrease in cash and cash equivalents	(6,526)	(42,947)
Cash and cash equivalents at beginning of year	<u>478,742</u>	<u>521,689</u>
Cash and cash equivalents at end of year	<u><u>\$ 472,216</u></u>	<u><u>\$ 478,742</u></u>

See accompanying notes to financial statements.

PROPERTY TAX EDUCATION COALITION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

A. Nature of Activities

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 accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Net assets of the Organization and changes therein are classified according to the existence or absence of donor-imposed restrictions and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations and may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time, or that are maintained in perpetuity by the Organization. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

Unconditional promises to give, including pledges receivable, are recorded as revenue in the year made. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is included in contribution revenue. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

PROPERTY TAX EDUCATION COALITION INCORPORATED

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Contributions – continued

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Donor-restricted contributions that are received and expended within the same fiscal year are reported as resources without donor restrictions.

There were no contributions received by the Organization during 2021 or 2020.

Revenue Recognition

Program service revenue of the Organization consists principally of licensing fees and course material revenue. The revenue is derived from the underlying contract or agreement (referred to hereafter as “contract”), and the Organization determines the appropriate accounting treatment for each contract at the commencement of each contract.

A performance obligation is a promise in a contract to transfer a distinct good or service to the member or customer. Revenue is recognized when the performance obligation under the terms of the contract with a customer is satisfied. The Organization’s contracts generally have a single performance obligation. The contract prices are generally deemed to be the respective transaction prices and are recognized as revenue when, or as, the performance obligations are satisfied.

The Organization recognizes revenue at the time the license or course material has been passed to the customer, which generally occurs upon payment for the products.

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 \$180,000 and \$179,000 at December 31, 2021 and 2020, respectively. The Organization maintains cash and money market 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.

PROPERTY TAX EDUCATION COALITION INCORPORATED

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Accounts Receivable

Accounts receivable are stated at amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No allowance for doubtful accounts was considered necessary at December 31, 2021 and 2020. The opening balance of accounts receivable at January 1, 2020 was \$2,720.

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 of the respective period.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. Generally, the Organization records its expenses based on direct allocation by assigning each expense to a functional category based on direct usage.

Federal Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code. 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, 2021 and 2020.

PROPERTY TAX EDUCATION COALITION INCORPORATED

NOTES TO FINANCIAL STATEMENTS (continued)

C. Availability and Liquidity

The following represents the Organization's financial assets which are available to meet general expenditures over the next twelve months at December 31,:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	<u>\$ 472,216</u>	<u>\$ 478,742</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of December 31, 2021 and 2020, the Organization has approximately \$472,000 and \$479,000, respectively, of financial assets available within one year of the statement of financial position dates to meet cash needs for general expenditure consisting entirely of cash and cash equivalents. The Organization invests cash in excess of annual operating requirements, if any, in cash equivalents or short-term investments, including money market accounts. The Organization's financial assets are not subject to donor restriction or board designation at December 31, 2021 or 2020.

D. Property and Equipment

As of December 31, 2021 and 2020, property and equipment, net, consisted of certain computer and equipment assets with a total balance of approximately \$1,200 less accumulated depreciation of approximately \$1,200. There was no depreciation expense for the years ended December 31, 2021 and 2020.

E. 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 \$30,000 and \$27,000 for the years ended December 31, 2021 and 2020, respectively.

F. Subsequent Events

In preparing the accompanying financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through September 9, 2022, the date the financial statements were available for issuance.