PROPERTY TAX EDUCATION COALITION INCORPORATED

FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023
with Report of Independent Auditors

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Property Tax Education Coalition Incorporated

Opinion

We have audited the financial statements of Property Tax Education Coalition Incorporated (the "Organization"), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the changes in net its assets and its 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
August 29, 2025

PROPERTY TAX EDUCATION COALITION INCORPORATED

STATEMENTS OF FINANCIAL POSITION

	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 224,686	$ 268,561
Investments	196,511	186,370
Total current assets	421,197	454,931
Property and equipment, net	1,320	1,680
Total assets	$ 422,517	$ 456,611
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ -	$ 13,213
Net assets without donor restrictions	422,517	443,398
Total liabilities and net assets	$ 422,517	$ 456,611

See accompanying notes to financial statements.

PROPERTY TAX EDUCATION COALITION INCORPORATED

STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2024	2023
Revenue, gains, and other support:		
Program service revenue	$ 84,224	$ 82,961
Net investment income	13,899	12,530
Total revenue, gains, and other support	98,123	95,491
Expenses:		
Program activities:		
Course revisions and materials	39,306	31,694
Total program activities	39,306	31,694
Support activities - management and general:		
Administrator expense	53,000	53,000
Other general and administrative	6,413	7,812
Professional services	20,285	19,130
Total support activities - management and general	79,698	79,942
Total expenses	119,004	111,636
Change in net assets	(20,881)	(16,145)
Net assets at beginning of year	443,398	459,543
Net assets at end of year	$ 422,517	$ 443,398

See accompanying notes to financial statements.

PROPERTY TAX EDUCATION COALITION INCORPORATED

STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2024	2023
Operating Activities		
Change in net assets	$ (20,881)	$ (16,145)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized/unrealized gain on investments	(10,141)	(8,145)
Depreciation	360	120
Changes in net assets and liabilities:		
Accounts payable and accrued expenses	(13,213)	10,944
Net cash used in operating activities	(43,875)	(13,226)
Investing Activities		
Purchase of property and equipment	-	(1,800)
Net cash used in investing activities	-	(1,800)
Net decrease in cash and cash equivalents	(43,875)	(15,026)
Cash and cash equivalents at beginning of year	268,561	283,587
Cash and cash equivalents at end of year	$ 224,686	$ 268,561

See accompanying notes to financial statements.

A. Nature of Activities

Property Tax Education Coalition Incorporated (the "Organization") is a non-profit organization that was incorporated on October 8, 2009, in the state of Texas. 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 financial statements follows.

Basis of Accounting

The 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:

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

<u>Net assets with donor restrictions</u> – 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. The Organization has no net assets with donor restrictions as of December 31, 2024 and 2023.

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.

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 statements 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 2024 or 2023.

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 contact 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 $600 and $1,000 at December 31, 2024 and 2023, 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.

B. Summary of Significant Accounting Policies – continued

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 equipment is 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. Generally, the Organization records its expenses based on direct allocation by assigning each expense to a functional category based on direct usage.

Fair Value Measurements

Management determines the fair values of financial instruments based on the fair value hierarchy established, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources, while unobservable inputs reflect management’s estimates about market data.

Level 1 — Quoted prices in active markets for identical assets and liabilities.

Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active, and model-based valuation techniques for which all significant inputs are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

B. Summary of Significant Accounting Policies – continued

Fair Value Measurements – continued

Following is a description of the valuation methodologies used for assets measured at fair value.

Certificates of deposit: Valued at the principal plus accrued interest, which approximates fair value and is considered Level 2.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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, 2024 and 2023.

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,:

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 224,686	$ 268,561
Investments	196,511	186,370
Total financial assets available to meet cash needs for general expenditures within one year	$ 421,197	$ 454,931

C. Availability and Liquidity – continued

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, 2024 and 2023, the Organization has approximately $421,000 and $455,000, 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. The Organization's financial assets are not subject to donor restriction or board designation at December 31, 2024 or 2023.

D. Investments

The following table details the Organization's investments at fair value by level, within the fair value hierarchy, as of December 31, 2024 and 2023:

	2024	
	Level 2	**Total**
Certificates of deposit	$ 196,511	$ 196,511
Total	$ 196,511	$ 196,511

	2023	
	Level 2	**Total**
Certificates of deposit	$ 186,370	$ 186,370
Total	$ 186,370	$ 186,370

E. Property and Equipment

Property and equipment consisted of the following at December 31:

	2024	**2023**
Computer equipment	$ 1,800	$ 1,800
	1,800	1,800
Less accumulated depreciation	(480)	(120)
	$ 1,320	$ 1,680

Depreciation expense was $360 and $120 for the years ended December 31, 2024 and 2023.

F. 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 $28,000 for the years ended December 31, 2024 and 2023, respectively.

G. Subsequent Events

In preparing the accompanying financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through August 29, 2025, the date the financial statements were available for issuance.