

PROPERTY TAX EDUCATION COALITION, INC.

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

DECEMBER 31, 2025

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THOMPSON, DERRIG & CRAIG, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Property Tax Education Coalition, Inc.

Opinion

We have audited the accompanying financial statements of Property Tax Education Coalition, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and cash flows for the year 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 Property Tax Education Coalition, Inc. as of December 31, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Property Tax Education Coalition, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 accounting principles generally accepted in the United States of America, 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 Property Tax Education Coalition, Inc.'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 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of

Lyn Kuciemba, CPA | James Larkin, CPA
Kyle Cox, CPA | Alan Dock, CPA, CMA | R. Logan Kendrick, CPA, ABV | AJ Taylor, CPA

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, including omissions, 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 Property Tax Education Coalition, Inc.'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 Property Tax Education Coalition Inc.'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.

Thompson, Derrig & Craig, P.C.

THOMPSON, DERRIG, & CRAIG, P.C.

August 4, 2026

PROPERTY TAX EDUCATION COALITION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

ASSETS

Current assets:

Cash and cash equivalents	\$ 196,759
Investments	197,510
Accounts receivable	3,211
Total current assets	<u>397,480</u>

Fixed assets:

Computer equipment	1,800
Accumulated depreciation	(840)
Total fixed assets	<u>960</u>

TOTAL ASSETS	<u><u>\$ 398,440</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	1,139
Deferred revenue	855
Total current liabilities	<u>1,994</u>

Net assets:

Without donor restrictions	396,446
Total net assets	<u>396,446</u>

Total Liabilities and Net Assets	<u><u>\$ 398,440</u></u>
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See independent auditor's report and notes to financial statements.

PROPERTY TAX EDUCATION COALITION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

REVENUE AND OTHER INCOME	
Licensing fees and course material	\$ 79,363
Investment Income	7,945
Total revenue and other income	<u>87,308</u>
EXPENSES:	
Program services:	
Course revisions and materials	18,538
Total program services	<u>18,538</u>
Management and general:	
Administrative fees	65,000
Professional fees	20,595
Office and other expenses	9,246
Total management and general	<u>94,841</u>
Total expenses	<u>113,379</u>
Change in net assets	(26,071)
Beginning net assets without donor restrictions	<u>422,517</u>
Ending net assets without donor restrictions	<u><u>\$ 396,446</u></u>

See independent auditor's report and notes to financial statements.

PROPERTY TAX EDUCATION COALITION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (26,071)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	360
Unrealized (gain) loss on investments	3,798
Accretion on investments	(4,797)
Changes in operating assets and liabilities:	
Accounts receivable	(3,211)
Accounts payable	1,139
Deferred revenue	855
Net cash provided (used) by operating activities	<u>(27,927)</u>
Net increase (decrease) in cash and cash equivalents	(27,927)
Beginning cash and cash equivalents	<u>224,686</u>
Ending cash and cash equivalents	<u>\$ 196,759</u>

See independent auditor's report and notes to financial statements.

PROPERTY TAX EDUCATION COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 1 – Overview of Organization

Property Tax Education Coalition, Inc. (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 throughout Texas. The Organization is governed by a Board of Directors made up of delegates from related tax associations as described in Note 6.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Fair value of financial instruments

The carrying amounts of cash equivalents, receivables, and accounts payable approximate fair value because of the short maturity of those instruments.

Cash and cash equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Accounts receivable

Accounts receivable is derived from licensing fees due from state and county appraisers, assessors and collectors. The receivable balance is stated net of allowance for credit losses. The allowance estimate is derived from a review of the Organization’s historical losses based on the aging of receivables and is adjusted for management’s assessment of current conditions. The Organization has elected to assume that current conditions persist for accounts receivable for purposes of estimating current expected credit losses as permitted by FASB ASC 326-20-30-10C. As of December 31, 2025, no allowance for credit losses was deemed necessary.

Investments

Investments in marketable and debt securities, including certificates of deposit, are stated at fair value using quoted prices in active markets for identical or similar assets. Unrealized gains and losses are included as change in net assets in the accompanying statement of activities.

See independent auditor’s report.

PROPERTY TAX EDUCATION COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 2 – Summary of Significant Accounting Policies (continued)

Fixed assets

Acquisitions of furniture and equipment in excess of \$1,000 are capitalized at cost. Donated equipment is recorded at fair market value at the date of the donation. Depreciation is provided over the estimated useful life of the assets, using the straight-line method. The estimated useful life of computer equipment is five years.

Deferred revenue

In some instances, the appraisers, assessors and collectors prepay their licensing fees. These amounts will be credited to a future invoice upon the agency's request. As of December 31, 2025, total prepaid fees recognized as deferred revenue on the statement of financial position was \$855.

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Revenue recognition

Program service revenue, including licensing fees and course material revenue, consist of single performance obligations that are recognized at a point in time when the services or materials are provided to the customer. Standard rates are charged for the services and payment is required upon completion of the performance obligation.

See independent auditor's report.

PROPERTY TAX EDUCATION COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 2 – Summary of Significant Accounting Policies (continued)

Expense recognition and allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities. Expenses can generally be identified with a specific program or support service, and, thus are charged directly to that program or support service.

Income tax status

The Organization is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code. Accordingly, no provision for income tax has been made in the accompanying financial statements.

Note 3 – Liquidity and Availability

The following reflects the Organization's financial assets as of December 31, 2025, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash and cash equivalents	\$ 196,759
Investments	197,510
Accounts receivable	3,211
Less financial assets held to meet donor imposed restrictions	<u>-</u>
Amount available for general expenditures within one year	<u>\$ 397,480</u>

As part of its liquidity management plan, the Organization invests excess cash in certificates of deposit and marketable securities and structures its financial assets to be available as general expenditures, liabilities, and other obligations become due.

Note 4 – Concentration of Credit Risk

At various times in the course of a year, the amount of cash on deposits with banks exceeds the FDIC insured limit of \$250,000. The Organization has not experienced any losses in connection with these accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 5 – Investments

As of December 31, 2025, investments consisted of a certificate of deposit. The Organization values certificates of deposit at principal plus accrued interest, which approximates fair value and are considered level 2 investments. The fair value of the Organization's certificate of deposit as of December 31, 2025 was \$197,510.

See independent auditor's report.

PROPERTY TAX EDUCATION COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 5 – Investments (continued)

Investment income in the accompanying statement of activities is summarized as follows for the year ended December 31, 2025:

Interest and dividends	\$ 11,743
Unrealized gains (losses)	<u>(3,798)</u>
	<u><u>\$ 7,945</u></u>

Note 6 – Related Party Transactions

The Organization receives licensing fees for its course materials from the Texas Association of Appraisal Districts, the Texas Association of Assessing Officers, and the Tax Assessor Collectors Association of Texas. These associations have representation on the Organization's Board of Directors. Revenues from these associations totaled approximately \$29,340 for the year ended December 31, 2025.

Note 7 – Subsequent Events

Management has evaluated subsequent events through August 4, 2026, the date the financial statements were available to be issued.

See independent auditor's report.