



To: Members, Executive Committee
From: Glenn Hegar, Treasurer
Date: April 23, 2020
Subject: Financial Statements for the nine-month period ended March 31, 2020

OVERALL COMMENTS:

Attached are the financial statements for the nine months ended March 31, 2020.

The budget column amounts in the attached report are computed and are based on the amounts in the fiscal year 2020 budget approved at the meeting of the Commission on August 7, 2019, in Boise, Idaho.

Membership assessments, Joint Audit Program fees, and Nexus Program fees are recognized ratably throughout the year.

Administrative Services expenses are allocated based on the relative expenses of each department that receives an allocation.

Favorable variances (for revenue or expense items) are shown as positive numbers and unfavorable variances (for revenue or expense items) are shown as negative numbers.

BUDGET AND FUND SUMMARY:

General Operations –

The actual year to date surplus in this program area was the result of various items including:

- The Director of Policy Research position has been vacant since Elliott Dubin retired on August 31, 2019.
- The Boise, Idaho annual conference costs were well under the budgeted amount.
- Investment income has been higher than anticipated.

Audit Program –

The actual year to date surplus in this program area was largely from:

- Personnel cost savings due to two auditor positions that were not filled until well into the fiscal year; one filled in January 2020 and one filled in March 2020.
- Effect of Maryland joining the Audit Program effective July 1, 2019.

Nexus Program –

The actual year to date deficit in this program area was primarily due the Nexus Program entering into an agreement with Decathlon for \$85,869 to upgrade and update the software used to maintain the Multistate Voluntary Disclosure database. During January and in accordance with the terms of the contract \$28,623 was paid to Decathlon representing the amount due to cover the initial third of the contact cost.

Training Program –

During the nine months ended March 31, 2020, modified corporate income tax training was held in South Carolina and audit sampling training was held in Portland, Maine. These schools generated small surpluses.

A Corporate Income Tax course was held in Itasca, Illinois, during the last week of September. The overall deficit in the training area was largely the result of the deficit arising from this course.

INCOME STATEMENT - Revenues:

Maryland joined the Audit Program effective July 1, 2019, and after the FY 2020 budget document was approved at the spring meeting of the Executive Committee. This event results in the favorable variances in the following line items: Operations Support Surcharge-Audit and Audit Program Fees.

INCOME STATEMENT - Expenditures:

Salaries, Retirement, and Employee Insurance show favorable variances for the nine months ended March 31, 2020. These favorable variances are primarily due to the two vacancies in the audit program and the vacancy of the tax policy position in the General Operations Program as noted earlier.

Software Licenses has an unfavorable variance as a result of the September purchase of 50 licenses of Microsoft Office 365 and 50 licenses of Acrobat Pro.



MULTISTATE TAX COMMISSION

Budget and Fund Summary

For the Nine Months Ending Tuesday, March 31, 2020

	Current Period		Year-to-Date		Variance
	Budget	Actual	Budget	Actual	
OPERATIONS BY PROGRAM & TOTAL					
GENERAL OPERATIONS PROGRAM					
Revenues	\$150,194	\$151,159	\$1,381,742	\$1,410,151	\$28,409
Expenses	149,410	119,451	1,392,090	1,214,921	177,169
SURPLUS/DEFICIT - GEN OPERATIONS	<u>784</u>	<u>31,708</u>	<u>(10,348)</u>	<u>195,230</u>	<u>205,578</u>
ADMINISTRATIVE SERVICES					
Revenues	0		1		1
Expenses			(1)		1
SURPLUS/DEFICIT - ADMIN. SERVICES					
AUDIT PROGRAM					
Revenues and Transfers	397,692	404,079	3,579,225	3,636,713	57,488
Expenses	395,546	390,109	3,574,160	3,367,340	206,820
SURPLUS/DEFICIT - AUDIT	<u>2,146</u>	<u>13,970</u>	<u>5,065</u>	<u>269,373</u>	<u>264,308</u>
NEXUS PROGRAM					
Revenues and Transfers	67,535	67,535	607,811	607,813	2
Expenses	65,866	65,254	606,796	632,917	(26,121)
SURPLUS/DEFICIT - NEXUS PROGRAM	<u>1,669</u>	<u>2,281</u>	<u>1,015</u>	<u>(25,104)</u>	<u>(26,119)</u>
TRAINING & EDUCATION					
Revenues and Transfers			71,000	126,010	55,010
Expenses	925	1,055	69,881	141,521	(71,640)
SURPLUS/DEFICIT - TRAINING & EDUCATION	<u>(925)</u>	<u>(1,055)</u>	<u>1,119</u>	<u>(15,511)</u>	<u>(16,630)</u>
OTHER PROJECTS (SITAS)					
Revenues and Transfers					
Expenses					
SURPLUS/DEFICIT - OTHER PROJECTS					
TOTAL OPERATIONS					
Revenues and Transfers	615,420	622,773	5,639,778	5,780,686	140,908
Expenses	611,747	575,869	5,642,929	5,356,699	286,230
SURPLUS/DEFICIT - TOTAL OPERATIONS	<u>3,673</u>	<u>46,904</u>	<u>(3,151)</u>	<u>423,987</u>	<u>427,138</u>



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
INCOME STATEMENT
For the Nine Months Ending 3/31/2020

	Budget	Current Period Actual	Variance	Budget	Year-to-Date Actual	Variance
REVENUES						
MEMBER ASSESSMENTS	\$115,303	\$115,303	\$0	\$1,037,723	\$1,037,723	\$0
OPERATIONS SUPPORT SURCHARGE-AUDIT	19,272	20,550	1,278	173,449	184,946	11,497
OPERATIONS SUPPORT SURCHARGE-NEXUS	5,411	5,411	0	48,695	48,695	0
AUDIT PROGRAM FEES	397,692	404,079	6,387	3,579,225	3,636,713	57,488
INVESTMENT INCOME	10,167	9,897	(270)	91,500	112,433	20,933
NEXUS PROGRAM FEES	67,535	67,535	0	607,811	607,813	2
CONFERENCE FEES	0	0	0	30,000	26,355	(3,645)
MISCELLANEOUS REVENUE	42	0	(42)	375	0	(375)
TRAINING PROGRAM FEES	0	0	0	71,000	126,010	55,010
TOTAL REVENUES	\$615,422	\$622,775	\$7,353	\$5,639,778	\$5,780,688	\$140,910
EXPENSES						
SALARIES	\$363,573	\$352,374	\$11,199	\$3,308,688	\$3,140,381	\$168,307
RETIREMENT (401 plan)	39,274	37,579	1,695	357,385	338,059	19,326
EMPLOYEE INSUR & BENEFITS	85,235	82,251	2,984	773,894	706,782	67,112
EMPLOYER PAYROLL TAXES	11,106	11,823	(717)	100,681	104,673	(3,992)
ADVERTISING	63	250	(187)	563	250	313
SUBSCRIPTIONS & PUBLICATIONS	7,217	7,120	97	64,950	69,687	(4,737)
TRAVEL	22,667	11,271	11,396	213,500	182,114	31,386
TRAVEL-MEMBERS	0	0	0	2,250	611	1,639
RENT AND UTILITIES	39,924	34,800	5,124	359,315	356,386	2,929
CONSUMABLE & DURABLE SUPPLIES	2,892	3,340	(448)	28,425	17,682	10,743
POSTAGE, POST EQUIP RENTAL & FREIGHT	1,246	1,020	226	13,813	13,135	678
PRINTING	323	0	323	5,553	970	4,583
TELEPHONE SERVICE&VIDEO CONFERENCING	4,204	1,488	2,716	37,838	35,033	2,805
INTERNET ACCESS	4,333	5,954	(1,621)	39,000	41,171	(2,171)
EMPLOYEE TRAINING	2,646	0	2,646	23,812	5,235	18,577
CONFERENCES & MEETINGS	8,208	250	7,958	130,375	126,067	4,308
CONSULTANTS/CONTRACTOR-EXPENSES	0	0	0	0	137	(137)
CONSULTANT/CONTRACTOR FEES	1,000	1,006	(6)	9,000	14,283	(5,283)
CONSULTING FEES/LEGAL	167	0	167	1,500	1,500	0
401 &457 PLAN TRUSTEES FEES	750	0	750	6,750	5,052	1,698
INVESTMENT ADVISORY FEES	4,667	4,700	(33)	42,000	42,625	(625)
LEGISLATIVE - CONSULTING	2,083	0	2,083	18,750	0	18,750
BUSINESS INSURANCE	1,833	1,703	130	16,500	14,246	2,254
MAINTENANCE	1,733	4,185	(2,452)	15,600	13,829	1,771
MISCELLANEOUS	1,729	940	789	15,913	9,227	6,686
AUDIT & PAYROLL SERVICES	417	368	49	16,750	17,944	(1,194)
SOFTWARE LICENCES	1,667	3,842	(2,175)	15,000	57,101	(42,101)
ADMINISTRATIVE SERVICE ALLOCATION	0	0	0	1	0	1
TOTAL OPERATION EXPENSES	\$608,957	\$566,264	\$42,693	\$5,617,806	\$5,312,680	\$305,126
FURNITURE & EQUIPMENT	\$2,792	\$9,604	(\$6,812)	\$25,125	\$44,021	(\$18,896)
EXCESS REVENUE (EXPENSES)	\$3,673	\$46,907	\$43,234	(\$3,153)	\$423,987	\$427,140



MULTISTATE TAX COMMISSION
Balance Sheet
For the Nine Months Ending 3/31/2020

ASSETS

CURRENT ASSETS

Cash in Banks	\$279,096
Investments	7,627,585
Petty Cash	500
Accounts Receivable - Program Fees	180,456
Accounts Receivable - Other	533
Prepaid Health Insurance	82,435
Prepaid Maintenance	13,567
Prepaid Rent	40,661
Prepaid Meeting Costs	45,209
Prepaid Subscriptions	51,841

TOTAL CURRENT ASSETS **\$8,321,882**

PROPERTY AND EQUIPMENT

Office Furniture & Equipment	637,835
Leasehold Improvements	429,396
Less: Accum Depred & Amortization	(631,248)

TOTAL PROPERTY AND EQUIPMENT **\$435,983**

OTHER ASSETS

Expense Account Advances	\$5,600
Rent Deposits	2,200

TOTAL OTHER ASSETS **\$7,800**

TOTAL ASSETS **\$8,765,665**

LIABILITIES & FUND BALANCE

CURRENT LIABILITIES

Accounts Payable	\$993
Other Current Liabilities	174,282
Accrued Vacation Pay	446,325
Payroll Taxes Payable	328
Unearned Program Fees	1,845,349

TOTAL CURRENT LIABILITIES **\$2,467,278**

FUND BALANCE

Appropriated Fund Bal-Enterprise Automation Project	\$555,715
Appropriated Fund Bal-Equipment Reserve	120,206
Restricted Fund Balance-Cumm	1,305,741
Unappropriated Fund Balance-Cummula	3,848,717
Unappropriated Fund Balance-Current	423,987

TOTAL FUND BALANCE **\$6,254,367**

Add Back Asset Exp from Budget Rept	44,021
-------------------------------------	--------

TOTAL LIABILITIES & FUND BALANCE **\$8,765,665**



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
Revenue Summary
For the Nine Months Ending 3/31/2020

Page:1
Rept:6009-R
4/9/2020:11:27 AM
Period:Nine

	Current Period		Year-to-Date		Variance
	Budget	Actual	Budget	Actual	
REVENUES BY PROGRAM TYPE					
GENERAL OPERATIONS					
MEMBER ASSESSMENTS	\$115,303	\$115,303	\$1,037,723	\$1,037,723	\$0
OPERATIONS SUPPORT SURCHARGE-AUDIT	19,272	20,550	173,449	184,946	11,497
OPERATIONS SUPPORT SURCHARGE-NEXUS	5,411	5,411	48,695	48,695	0
INVESTMENT INCOME	10,167	9,897	91,500	112,433	20,933
CONFERENCE FEES	0	0	30,000	26,355	(3,645)
MISCELLANEOUS REVENUE	42	0	375	0	(375)
TOTAL REVENUES-GENERAL OPERATIONS	\$150,195	\$151,161	\$1,381,742	\$1,410,152	\$28,410
ADMINISTRATIVE SERVICES					
AUDIT PROGRAM					
AUDIT PROGRAM FEES	397,692	404,079	3,579,225	3,636,713	57,488
TOTAL REVENUES-AUDIT	\$397,692	\$404,079	\$3,579,225	\$3,636,713	\$57,488
NEXUS PROGRAM					
NEXUS PROGRAM FEES	67,535	67,535	607,811	607,813	2
TOTAL REVENUES- NEXUS	\$67,535	\$67,535	\$607,811	\$607,813	\$2
TRAINING & EDUCATION					
FOCUSED INCOME TAX SCHOOL	0	0	0	18,500	18,500
AUDIT SAMPLING & CAAT SCHOOLS FEES	0	0	16,000	24,395	8,395
INCOME TAX TRAINING SCHOOLS FEES	0	0	55,000	83,115	28,115
TOTAL REVENUES- TRAINING & EDUCATION	\$0	\$0	\$71,000	\$126,010	\$55,010
SITAS					
TOTAL REVENUES	615,422	622,775	5,639,778	5,780,688	140,910



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
Revenue Details
For the Nine Months Ending 3/31/2020

	Current Period		Year-to-Date		Variance
	Budget	Actual	Budget	Actual	
REVENUES BY PROGRAM TYPE					
GENERAL OPERATIONS					
MEMBER ASSESSMENTS	\$115,303	\$115,303	\$1,037,723	\$1,037,723	\$0
OPERATIONS SUPPORT SURCHARGE-AUDIT	19,272	20,550	184,946	184,946	11,497
OPERATIONS SUPPORT SURCHARGE-NEXUS	5,411	5,411	48,695	48,695	0
INVESTMENT INCOME	10,167	9,897	112,433	112,433	20,933
CONFERENCE FEES-ANNUAL MEETING	0	0	30,000	26,355	(3,645)
MISCELLANEOUS REVENUE	42	(42)	375	0	(375)
TOTAL REVENUES - GENERAL OPERATIONS	\$150,195	\$151,161	\$1,381,742	\$1,410,152	\$28,410
ADMINISTRATIVE SERVICES					
AUDIT PROGRAM					
AUDIT PROGRAM FEES	397,692	404,079	3,579,225	3,636,713	57,488
TOTAL REVENUES - AUDIT	\$397,692	\$404,079	\$3,579,225	\$3,636,713	\$57,488
NEXUS PROGRAM					
NEXUS PROGRAM FEES	67,535	67,535	607,811	607,813	2
TOTAL REVENUES - SPECIAL PROJECTS	\$67,535	\$67,535	\$607,811	\$607,813	\$2
TRAINING & EDUCATION					
FOCUSED INCOME TAX SCHOOL	0	0	0	18,500	18,500
AUDIT SAMPLING & CAAT SCHOOLS FEES	0	0	16,000	24,395	8,395
INCOME TAX SCHOOLS FEES	0	0	55,000	83,115	28,115
TOTAL REVENUES-TRAINING & EDUCATION	\$0	\$0	\$71,000	\$126,010	\$55,010
TOTAL REVENUES	615,422	622,775	5,639,778	5,780,688	140,910



MULTISTATE TAX COMMISSION
Expenditure Summary
 For the Nine Months Ending 3/31/2020

Page:1
 Rept: 6012
 4/9/2020;11:26 AM
 Period: Nine

	Current Period		Year-to Date		Variance
	Budget	Actual	Budget	Actual	
EXPENDITURES BY PROGRAM					
GENERAL OPERATIONS	\$149,410	\$119,451	\$1,392,090	\$1,214,921	\$177,169
ADMINISTRATIVE SERVICES	0	0	1	0	1
AUDIT	395,546	390,109	3,574,160	3,367,340	206,820
NEXUS PROGRAM	65,866	65,254	606,796	632,917	(26,121)
TRAINING & EDUCATION	925	1,055	69,881	141,521	(71,640)
TOTAL EXPENDITURES	\$611,747	\$575,869	\$5,642,928	\$5,356,699	\$286,229
EXPENDITURES BY MAJOR TYPE					
PERSONNEL	\$499,188	\$484,027	\$4,540,648	\$4,289,894	\$250,754
OPERATING EXPENSES	109,767	82,237	1,077,156	1,022,784	54,372
FURNITURE & EQUIPMENT	2,792	9,604	25,125	44,021	(18,896)
TOTAL EXPENDITURES	\$611,747	\$575,868	\$5,642,929	\$5,356,699	\$286,230



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION
Expenditure Details
For the Nine Months Ending 3/31/2020

EXPENDITURES BY PROGRAM TYPE

GENERAL OPERATIONS

	Current Period		Year-to-Date		Variance
	Budget	Actual	Budget	Actual	
PERSONNEL	\$88,470	\$76,500	\$798,732	\$693,816	\$104,916
OPERATING EXPENSES	36,751	19,465	375,659	304,229	71,430
EQUIPMENT	917	0	8,250	0	8,250
ADMINISTRATIVE SERVICES	23,272	23,487	209,450	216,876	(7,426)
TOTAL EXPENSES - GENERAL OPERATIONS	\$149,410	\$119,452	\$1,392,091	\$1,214,921	\$177,170

ADMINISTRATIVE SERVICES

PERSONNEL	\$57,153	\$59,056	\$514,377	\$521,983	(\$7,606)
OPERATING EXPENSES	36,555	34,243	328,993	346,704	(17,711)
EQUIPMENT	792	7,950	7,125	12,180	(5,055)
ADMIN. SERVICES ALLOCATION	(94,499)	(101,249)	(850,494)	(880,867)	30,373
TOTAL EXPS - ADMIN. SERVICES	\$1	\$0	\$1	\$0	\$1

AUDIT

PERSONNEL	\$309,481	\$303,891	\$2,785,327	\$2,607,264	\$178,063
OPERATING EXPENSES	24,315	18,624	233,089	194,776	38,313
EQUIPMENT	875	1,654	7,875	3,218	4,657
ADMIN. SERVICES ALLOCATION	60,874	65,940	547,870	562,082	(14,212)
TOTAL EXPS - AUDIT	\$395,545	\$390,109	\$3,574,161	\$3,367,340	\$206,821

NEXUS PROGRAM

PERSONNEL	\$44,084	\$44,580	\$396,756	\$397,779	(\$1,023)
OPERATING EXPENSES	11,304	8,851	115,740	104,606	11,134
EQUIPMENT	125	0	1,125	28,623	(27,498)
ADMIN. SERVICES ALLOCATION	10,353	11,823	93,175	101,909	(8,734)
TOTAL DIRECT EXPS - NEXUS PROGRAM	\$65,866	\$65,254	\$606,796	\$632,917	(\$26,121)

TRAINING & EDUCATION

PERSONNEL	\$0	\$0	\$45,456	\$69,052	(\$23,596)
OPERATING EXPENSES	842	1,055	23,675	72,470	(48,795)
EQUIPMENT	83	0	750	0	750
ADMIN. SERVICES ALLOCATION	0	0	0	0	0
TOTAL EXPS - TRAINING & EDUCATION	\$925	\$1,055	\$69,881	\$141,522	(\$71,641)

SPECIAL PROJECTS (SITAS)

PERSONNEL	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSES	0	0	0	0	0
EQUIPMENT	0	0	0	0	0
ADMIN. SERVICES ALLOCATION	0	0	0	0	0
TOTAL SPECIAL PROJECTS (SITAS)	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$611,747	\$575,870	\$5,642,930	\$5,356,700	\$286,230

Year to date comparison of Budget to Actual Revenue and Expenses as of March 31, 2020

