



To: Members, Executive Committee  
From: Glenn Hegar, Treasurer  
Date: July 30, 2020  
Subject: Financial Statements for the year ended June 30, 2020

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### **OVERALL COMMENTS:**

Attached are the financial statements for the year ended June 30, 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 after 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 of \$60,530 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. In June an additional \$28,623 was accrued for the Decathlon project based on the estimate from Decathlon that the project is two-thirds complete.

### **Training Program –**

During the year ended June 30, 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.

## **BALANCE SHEET**

### **Assets – Prepaid Health Insurance**

The health insurance premium is paid at the end of the month prior to the month to which the premium relates.

### **Liabilities – Other Current Liabilities**

A substantial portion of the \$227,093 is the D.C. office unamortized tenant improvement allowance of \$174,282 plus the accrued defined contribution plan payable amounts of \$39,309.

### **Liabilities – Unearned Program Fees**

This amount is FY 2021 program fees received prior to the beginning of the new fiscal year on July 1, 2020.

## **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 year ended June 30, 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.

**Travel** has a large favorable variance due to the lack of travel from March through June as a result of the 2020 corona virus pandemic.

**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.

**Furniture and Equipment** has a large unfavorable variance related to the software application being written by and purchased from Decathlon and that was mentioned previously.



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION  
Budget and Fund Summary  
For the Twelve Months Ending Tuesday, June 30, 2020

	Current Period		Variance	Budget	Year-to-Date		Variance
	Budget	Actual			Budget	Actual	
<b>OPERATIONS BY PROGRAM &amp; TOTAL</b>							
<b>GENERAL OPERATIONS PROGRAM</b>							
Revenues	\$150,194	\$145,492	(\$4,702)	\$1,832,322	\$1,852,067	\$19,745	
Expenses	141,410	166,638	(25,228)	1,829,320	1,620,182	209,138	
<b>SURPLUS/DEFICIT - GEN OPERATIONS</b>	<b>8,784</b>	<b>(21,146)</b>	<b>(29,930)</b>	<b>3,002</b>	<b>231,885</b>	<b>228,883</b>	
<b>ADMINISTRATIVE SERVICES</b>							
Revenues	0			1		1	
Expenses				(1)		1	
<b>SURPLUS/DEFICIT - ADMIN. SERVICES</b>							
<b>AUDIT PROGRAM</b>							
Revenues and Transfers	397,692	404,079	6,387	4,772,300	4,848,950	76,650	
Expenses	395,545	432,928	(37,383)	4,766,797	4,572,775	194,022	
<b>SURPLUS/DEFICIT - AUDIT</b>	<b>2,147</b>	<b>(28,849)</b>	<b>(30,996)</b>	<b>5,503</b>	<b>276,175</b>	<b>270,672</b>	
<b>NEXUS PROGRAM</b>							
Revenues and Transfers	67,535	67,535		810,415	810,417	2	
Expenses	65,866	105,742	(39,876)	810,395	870,947	(60,552)	
<b>SURPLUS/DEFICIT - NEXUS PROGRAM</b>	<b>1,669</b>	<b>(38,207)</b>	<b>(39,876)</b>	<b>20</b>	<b>(60,530)</b>	<b>(60,550)</b>	
<b>TRAINING &amp; EDUCATION</b>							
Revenues and Transfers	27,000		(27,000)	98,000	126,010	28,010	
Expenses	25,477	298	25,179	97,208	143,740	(46,532)	
<b>SURPLUS/DEFICIT - TRAINING &amp; EDUCATION</b>	<b>1,523</b>	<b>(298)</b>	<b>(1,821)</b>	<b>792</b>	<b>(17,730)</b>	<b>(18,522)</b>	
<b>OTHER PROJECTS (SITAS)</b>							
Revenues and Transfers							
Expenses							
<b>SURPLUS/DEFICIT - OTHER PROJECTS</b>							
<b>TOTAL OPERATIONS</b>							
Revenues and Transfers	642,420	617,106	(25,314)	7,513,037	7,637,444	124,407	
Expenses	628,298	705,607	(77,309)	7,503,721	7,207,645	296,076	
<b>SURPLUS/DEFICIT - TOTAL OPERATIONS</b>	<b>14,122</b>	<b>(88,501)</b>	<b>(102,623)</b>	<b>9,316</b>	<b>429,799</b>	<b>420,483</b>	



MULTISTATE TAX COMMISSION  
Balance Sheet  
For the Twelve Months Ending 6/30/2020

**ASSETS**

**CURRENT ASSETS**

Cash in Banks	\$589,854	
Investments	6,063,797	
Petty Cash	300	
Accounts Receivable - Other	1,550	
Prepaid Health Insurance	72,729	
Prepaid Maintenance	7,156	
Prepaid Meeting Costs	45,209	
Prepaid Subscriptions	47,920	
	<hr/>	

**TOTAL CURRENT ASSETS** **\$6,828,514**

**PROPERTY AND EQUIPMENT**

Office Furniture & Equipment	658,384	
Leasehold Improvements	429,396	
Less: Accum Depred & Amortization	(631,248)	
	<hr/>	

**TOTAL PROPERTY AND EQUIPMENT** **\$456,533**

**OTHER ASSETS**

Expense Account Advances	\$5,600	
Rent Deposits	2,200	
	<hr/>	

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

**TOTAL ASSETS** **\$7,292,847**

**LIABILITIES & FUND BALANCE**

**CURRENT LIABILITIES**

Accounts Payable	\$82,410	
Other Current Liabilities	227,093	
Accrued Vacation Pay	446,325	
Deferred Compensation	26,667	
Unearned Program Fees	185,602	
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**TOTAL CURRENT LIABILITIES** **\$968,097**

**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	429,799	
	<hr/>	

**TOTAL FUND BALANCE** **\$6,260,179**

Add Back Asset Exp from Budget Rept	64,571	
	<hr/>	

**TOTAL LIABILITIES & FUND BALANCE** **\$7,292,847**



**MULTISTATE TAX COMMISSION**

**MULTISTATE TAX COMMISSION  
INCOME STATEMENT**  
For the Twelve Months Ending 6/30/2020

	Current Period		Year-to-Date	
	Budget	Actual	Budget	Actual
<b>REVENUES</b>				
MEMBER ASSESSMENTS	\$115,303	\$115,303	\$1,383,630	\$1,383,630
OPERATIONS SUPPORT SURCHARGE-AUDIT	19,272	20,550	231,265	246,594
OPERATIONS SUPPORT SURCHARGE-NEXUS	5,411	5,411	64,927	64,927
AUDIT PROGRAM FEES	397,692	404,079	4,772,300	4,848,950
INVESTMENT INCOME	10,167	4,230	122,000	130,561
NEXUS PROGRAM FEES	67,535	67,535	810,415	810,417
CONFERENCE FEES	0	0	30,000	26,355
MISCELLANEOUS REVENUE	42	0	500	0
TRAINING PROGRAM FEES	27,000	0	98,000	126,010
<b>TOTAL REVENUES</b>	<b>\$642,422</b>	<b>\$617,108</b>	<b>\$7,513,037</b>	<b>\$7,637,444</b>
				<b>\$124,407</b>

<b>EXPENSES</b>				
SALARIES	\$372,357	\$383,673	\$4,408,192	\$4,241,916
RETIREMENT (401 plan)	40,244	39,309	476,176	453,357
EMPLOYEE INSUR & BENEFITS	86,519	82,966	1,030,882	955,264
EMPLOYER PAYROLL TAXES	11,370	25,621	134,264	154,887
ADVERTISING	63	0	750	250
SUBSCRIPTIONS & PUBLICATIONS	7,217	23,832	86,600	109,872
TRAVEL	26,567	1,872	285,400	185,218
TRAVEL-MEMBERS	0	0	2,250	611
RENT AND UTILITIES	39,924	43,262	479,086	481,090
CONSUMABLE & DURABLE SUPPLIES	3,392	19,971	37,600	41,427
POSTAGE, POST EQUIP RENTAL & FREIGHT	1,746	724	18,050	16,446
PRINTING	1,522	0	7,720	1,018
TELEPHONE SERVICE&VIDEO CONFERENCING	4,204	5,446	50,450	51,106
INTERNET ACCESS	4,333	5,246	52,000	55,600
EMPLOYEE TRAINING	2,646	5,027	31,750	10,537
CONFERENCES & MEETINGS	4,808	0	160,600	126,154
CONSULTANTS/CONTRACTOR-EXPENSES	0	0	0	137
CONSULTANT/CONTRACTOR FEES	3,200	12,636	14,200	32,458
CONSULTING FEES/LEGAL	167	0	2,000	2,000
401 &457 PLAN TRUSTEES FEES	750	3,488	9,000	10,144
INVESTMENT ADVISORY FEES	4,667	4,100	56,000	55,224
LEGISLATIVE - CONSULTING	2,083	0	25,000	0
BUSINESS INSURANCE	1,833	1,504	22,000	17,453
MAINTENANCE	1,733	1,520	20,800	16,542
MISCELLANEOUS	2,079	708	21,450	14,581
AUDIT & PAYROLL SERVICES	417	378	18,000	19,077
SOFTWARE LICENCES	1,667	3,960	20,000	64,084
ADMINISTRATIVE SERVICE ALLOCATION	0	0	1	1
<b>TOTAL OPERATION EXPENSES</b>	<b>\$625,508</b>	<b>\$665,243</b>	<b>\$7,470,221</b>	<b>\$7,114,453</b>
FURNITURE & EQUIPMENT	\$2,792	\$40,364	\$33,500	\$93,194
<b>EXCESS REVENUE (EXPENSES)</b>	<b>\$14,122</b>	<b>(\$88,499)</b>	<b>\$9,316</b>	<b>\$429,797</b>
				<b>\$355,768</b>
				<b>(\$59,694)</b>



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION  
Revenue Summary  
For the Twelve Months Ending 6/30/2020

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Period: Twelve

	Current Period		Year-to Date	
	Budget	Actual	Budget	Actual
<b>REVENUES BY PROGRAM TYPE</b>				
<b>GENERAL OPERATIONS</b>				
MEMBER ASSESSMENTS	\$115,303	\$115,303	\$1,383,630	\$1,383,630
OPERATIONS SUPPORT SURCHARGE-AUDIT	19,272	20,550	231,265	246,594
OPERATIONS SUPPORT SURCHARGE-NEXUS	5,411	5,411	64,927	64,927
INVESTMENT INCOME	10,167	4,230	122,000	130,561
CONFERENCE FEES	0	0	30,000	26,355
MISCELLANEOUS REVENUE	42	0	500	0
<b>TOTAL REVENUES-GENERAL OPERATIONS</b>	<b>\$150,195</b>	<b>\$145,494</b>	<b>\$1,832,322</b>	<b>\$1,852,067</b>
<b>ADMINISTRATIVE SERVICES</b>				
<b>AUDIT PROGRAM</b>				
AUDIT PROGRAM FEES	397,692	404,079	4,772,300	4,848,950
<b>TOTAL REVENUES-AUDIT</b>	<b>\$397,692</b>	<b>\$404,079</b>	<b>\$4,772,300</b>	<b>\$4,848,950</b>
<b>NEXUS PROGRAM</b>				
NEXUS PROGRAM FEES	67,535	67,535	810,415	810,417
<b>TOTAL REVENUES- NEXUS</b>	<b>\$67,535</b>	<b>\$67,535</b>	<b>\$810,415</b>	<b>\$810,417</b>
<b>TRAINING &amp; EDUCATION</b>				
FOCUSED INCOME TAX SCHOOL	0	0	0	18,500
AUDIT SAMPLING & CAAT SCHOOLS FEES	0	0	16,000	24,395
INCOME TAX TRAINING SCHOOLS FEES	0	0	55,000	83,115
NEXUS SCHOOLS	27,000	0	27,000	0
<b>TOTAL REVENUES- TRAINING &amp; EDUCATION</b>	<b>\$27,000</b>	<b>\$0</b>	<b>\$98,000</b>	<b>\$126,010</b>
<b>SITAS</b>				
<b>TOTAL REVENUES</b>	<b>642,422</b>	<b>617,108</b>	<b>7,513,037</b>	<b>7,637,444</b>
				<b>124,407</b>
				<b>\$2</b>
				<b>\$76,650</b>
				<b>\$19,745</b>
				<b>(3,645)</b>
				<b>(500)</b>
				<b>15,329</b>
				<b>0</b>
				<b>8,561</b>
				<b>(3,645)</b>
				<b>(500)</b>
				<b>\$19,745</b>
				<b>76,650</b>
				<b>\$76,650</b>
				<b>2</b>
				<b>\$2</b>
				<b>18,500</b>
				<b>8,395</b>
				<b>28,115</b>
				<b>(27,000)</b>
				<b>\$28,010</b>
				<b>124,407</b>



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION  
Revenue Details  
For the Twelve Months Ending 6/30/2020

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Period:Twelve

	Current Period		Year-to Date	
	Budget	Actual	Budget	Actual
				Variance
<b>REVENUES BY PROGRAM TYPE</b>				
<b>GENERAL OPERATIONS</b>				
MEMBER ASSESSMENTS	\$115,303	\$115,303	\$1,383,630	\$0
OPERATIONS SUPPORT SURCHARGE-AUDIT	19,272	20,550	231,265	15,329
OPERATIONS SUPPORT SURCHARGE-NEXUS	5,411	5,411	64,927	0
INVESTMENT INCOME	10,167	4,230	122,000	8,561
CONFERENCE FEES-ANNUAL MEETING	0	0	30,000	(3,645)
MISCELLANEOUS REVENUE	42	0	500	(500)
<b>TOTAL REVENUES - GENERAL OPERATIONS</b>	<b>\$150,195</b>	<b>\$145,494</b>	<b>\$1,832,322</b>	<b>\$19,745</b>
<b>ADMINISTRATIVE SERVICES</b>				
<b>AUDIT PROGRAM</b>				
AUDIT PROGRAM FEES	397,692	404,079	4,772,300	76,650
<b>TOTAL REVENUES - AUDIT</b>	<b>\$397,692</b>	<b>\$404,079</b>	<b>\$4,772,300</b>	<b>\$76,650</b>
<b>NEXUS PROGRAM</b>				
NEXUS PROGRAM FEES	67,535	67,535	810,415	2
<b>TOTAL REVENUES - SPECIAL PROJECTS</b>	<b>\$67,535</b>	<b>\$67,535</b>	<b>\$810,415</b>	<b>\$2</b>
<b>TRAINING &amp; EDUCATION</b>				
FOCUSED INCOME TAX SCHOOL	0	0	0	18,500
AUDIT SAMPLING & CAAT SCHOOLS FEES	0	0	16,000	8,395
INCOME TAX SCHOOLS FEES	0	0	55,000	28,115
NEXUS SCHOOLS	27,000	0	27,000	(27,000)
<b>TOTAL REVENUES-TRAINING &amp; EDUCATION</b>	<b>\$27,000</b>	<b>\$0</b>	<b>\$98,000</b>	<b>\$28,010</b>
<b>TOTAL REVENUES</b>	<b>642,422</b>	<b>617,108</b>	<b>7,513,037</b>	<b>124,407</b>





**MULTISTATE TAX COMMISSION**  
**Expenditure Summary**  
 For the Twelve Months Ending 6/30/2020

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 Period: Twelve

	Current Period		Year-to-Date	
	Budget	Actual	Budget	Actual
				Variance
<b>EXPENDITURES BY PROGRAM</b>				
GENERAL OPERATIONS	\$141,410	\$166,638	\$1,829,320	\$1,620,182
ADMINISTRATIVE SERVICES	0	0	1	0
AUDIT	395,545	432,928	4,766,797	4,572,775
NEXUS PROGRAM	65,866	105,742	810,395	870,947
TRAINING & EDUCATION	25,477	298	97,208	143,740
<b>TOTAL EXPENDITURES</b>	<b>\$628,298</b>	<b>\$705,606</b>	<b>\$7,503,721</b>	<b>\$7,207,644</b>
				<b>\$296,077</b>
<b>EXPENDITURES BY MAJOR TYPE</b>				
PERSONNEL	\$510,490	\$531,569	\$6,049,514	\$5,805,423
OPERATING EXPENSES	115,017	133,674	1,420,707	1,309,028
FURNITURE & EQUIPMENT	2,792	40,364	33,500	93,194
<b>TOTAL EXPENDITUES</b>	<b>\$628,299</b>	<b>\$705,607</b>	<b>\$7,503,721</b>	<b>\$7,207,645</b>
				<b>(59,694)</b>
				<b>\$296,076</b>



MULTISTATE TAX COMMISSION

MULTISTATE TAX COMMISSION  
Expenditure Details  
For the Twelve Months Ending 6/30/2020

	Current Period		Year-to Date		Variance
	Budget	Actual	Budget	Actual	
<b>EXPENDITURES BY PROGRAM TYPE</b>					
<b>GENERAL OPERATIONS</b>					
PERSONNEL	\$88,470	\$88,352	\$1,064,143	\$936,926	\$127,217
OPERATING EXPENSES	28,750	38,376	474,911	381,266	93,645
EQUIPMENT	917	6,332	11,000	8,451	2,549
ADMINISTRATIVE SERVICES	23,272	33,578	279,266	293,539	(14,273)
<b>TOTAL EXPENSES - GENERAL OPERATIONS</b>	<b>\$141,409</b>	<b>\$166,638</b>	<b>\$1,829,320</b>	<b>\$1,620,182</b>	<b>\$209,138</b>
<b>ADMINISTRATIVE SERVICES</b>					
PERSONNEL	\$57,153	\$75,306	\$685,836	\$715,308	(\$29,472)
OPERATING EXPENSES	36,555	67,135	438,657	479,854	(41,197)
EQUIPMENT	792	5,409	9,500	22,509	(13,009)
ADMIN. SERVICES ALLOCATION	(94,499)	(147,850)	(1,133,992)	(1,217,672)	83,680
<b>TOTAL EXPS - ADMIN. SERVICES</b>	<b>\$1</b>	<b>\$0</b>	<b>\$1</b>	<b>(\$1)</b>	<b>\$2</b>
<b>AUDIT</b>					
PERSONNEL	\$309,481	\$318,983	\$3,713,769	\$3,546,951	\$166,818
OPERATING EXPENSES	24,315	17,519	312,035	238,497	73,538
EQUIPMENT	875	0	10,500	4,988	5,512
ADMIN. SERVICES ALLOCATION	60,874	96,427	730,493	782,340	(51,847)
<b>TOTAL EXPS - AUDIT</b>	<b>\$395,545</b>	<b>\$432,929</b>	<b>\$4,766,797</b>	<b>\$4,572,776</b>	<b>\$194,021</b>
<b>NEXUS PROGRAM</b>					
PERSONNEL	\$44,084	\$48,928	\$529,008	\$537,186	(\$8,178)
OPERATING EXPENSES	11,304	10,347	155,653	134,722	20,931
EQUIPMENT	125	28,623	1,500	57,246	(55,746)
ADMIN. SERVICES ALLOCATION	10,353	17,845	124,234	141,793	(17,559)
<b>TOTAL DIRECT EXPS - NEXUS PROGRAM</b>	<b>\$65,866</b>	<b>\$105,743</b>	<b>\$810,395</b>	<b>\$870,947</b>	<b>(\$60,552)</b>
<b>TRAINING &amp; EDUCATION</b>					
PERSONNEL	\$11,302	\$0	\$56,758	\$69,052	(\$12,294)
OPERATING EXPENSES	14,092	298	39,450	74,689	(35,239)
EQUIPMENT	83	0	1,000	0	1,000
ADMIN. SERVICES ALLOCATION	0	0	0	0	0
<b>TOTAL EXPS - TRAINING &amp; EDUCATION</b>	<b>\$25,477</b>	<b>\$298</b>	<b>\$97,208</b>	<b>\$143,741</b>	<b>(\$46,533)</b>
<b>SPECIAL PROJECTS (SITAS)</b>					
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
<b>TOTAL SPECIAL PROJECTS (SITAS)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL EXPENDITURES</b>	<b>\$628,298</b>	<b>\$705,608</b>	<b>\$7,503,721</b>	<b>\$7,207,645</b>	<b>\$296,076</b>

# Year to date comparison Budget to Actual Revenue and Expenses as of June 30, 2020

