
MULTISTATE TAX COMMISSION

**Financial Statements,
Supplementary Information and
Independent Auditor's Report**

**For the Years Ended
June 30, 2023 and 2022**

LSWG

**CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS**

MULTISTATE TAX COMMISSION
Table of Contents
For the Years Ended June 30, 2023 and 2022

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Balance Sheets	3-4
Statements of Revenue and Expenses and Changes in Fund Balance - Unappropriated Funds	5-6
Statements of Changes in Fund Balance – Appropriated Funds	7
Statements of Changes in Fund Balance – Restricted Funds	8
Statements of Cash Flows	9
Notes to Financial Statements	10-17
Supplementary Information	
Independent Auditor's Report on Supplementary Information	18
Schedule of Expenses	19



Independent Auditor's Report

To the Executive Committee of
Multistate Tax Commission

Opinion

We have audited the accompanying financial statements of Multistate Tax Commission, which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of revenue and expenses and changes in fund balance; unappropriated funds, changes in fund balance; appropriated funds, changes in fund balance; restricted funds, and cash flows for the years 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 Multistate Tax Commission as of June 30, 2023 and 2022, and the changes in its fund balances and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Multistate Tax Commission 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 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 Multistate Tax Commission'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 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 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 Multistate Tax Commission'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 Multistate Tax Commission'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.

LSWG, P.A.

Rockville, Maryland
December 19, 2023

MULTISTATE TAX COMMISSION

Balance Sheets

June 30,

ASSETS

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 736,458	\$ 816,932
Accounts receivable	70,645	-
Prepaid expenses	194,676	214,541
Total Current Assets	<u>1,001,779</u>	<u>1,031,473</u>
Property and Equipment - at Cost		
Office furniture and equipment	484,853	514,246
Leasehold improvements	429,396	429,396
Less: accumulated depreciation and amortization	<u>(678,205)</u>	<u>(677,285)</u>
Property and Equipment - Net	<u>236,044</u>	<u>266,357</u>
Other Assets		
Investments	4,964,234	5,098,330
Expense account advances	5,200	4,800
Deposits	335	335
Right of use asset	1,247,772	-
Total Other Assets	<u>6,217,541</u>	<u>5,103,465</u>
TOTAL ASSETS	<u>\$ 7,455,364</u>	<u>\$ 6,401,295</u>

LIABILITIES AND FUND BALANCES

	<u>2023</u>	<u>2022</u>
Current Liabilities		
Accounts payable and accrued expenses	\$ 15,226	\$ 64,528
Accrued salaries and vacation pay	600,812	561,616
Unearned membership, program and registration fees	261,530	237,847
Deferred rent liability - current portion	-	23,238
Operating lease liability - current portion	<u>366,237</u>	<u>-</u>
Total Current Liabilities	<u>1,243,805</u>	<u>887,229</u>
 Long-Term Liabilities		
Deferred rent liability - net of current portion	-	81,331
Operating lease liability - net of current portion	<u>962,867</u>	<u>-</u>
Total Long-Term Liabilities	<u>962,867</u>	<u>81,331</u>
 Total Liabilities	 <u>2,206,672</u>	 <u>968,560</u>
 Fund Balances		
Unappropriated	3,421,829	3,556,297
Appropriated	654,749	675,921
Restricted	<u>1,172,114</u>	<u>1,200,517</u>
Total Fund Balances	<u>5,248,692</u>	<u>5,432,735</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 7,455,364</u>	 <u>\$ 6,401,295</u>

The accompanying notes are an integral part of these statements.

MULTISTATE TAX COMMISSION
Statements of Revenue and Expenses
and Changes in Fund Balance
Unappropriated Funds
For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Revenue - Unappropriated		
Membership assessments and program fees- net of discount	\$ 6,820,001	\$ 6,835,216
Interest and dividends	268,976	79,245
Realized (loss) on sale of investments	-	(141,167)
Unrealized (loss) on investments	(217,973)	(238,537)
Other income (loss)		
Training fees	105,180	4,700
Conference fees	23,850	4,645
Loss on disposal of equipment	(786)	(694)
Miscellaneous	2,897	1,009
Total Revenue	<u>7,002,145</u>	<u>6,544,417</u>
Expenses - Unappropriated		
Auditing and payroll services	18,608	17,987
Business insurance	16,850	20,042
Catering and audio-visual	219,380	92,007
Depreciation	76,373	99,438
Employee benefits	940,478	929,883
Payroll taxes	181,148	155,164
Miscellaneous	23,785	15,368
Consumable and durable supplies	26,761	30,855
Postage	9,244	2,914
Printing and duplicating	3,650	1,232
Professional services	110,268	130,242
Internet access	54,803	54,281
Rent	347,797	348,630
Repairs and maintenance	7,463	4,353
Defined contribution plans	420,847	405,680
Salaries	4,330,947	3,986,460
Software licenses	96,507	84,888
Staff training	14,354	23,404
Subscriptions, publications, dues	137,554	104,968
Telephone	40,165	39,618
Travel	243,259	231,786
Allocation of administrative expenses	(162,456)	(148,540)
Total Expenses	<u>\$ 7,157,785</u>	<u>\$ 6,630,660</u>

(continued)

MULTISTATE TAX COMMISSION
Statements of Revenue and Expenses
and Changes in Fund Balance
Unappropriated Funds
For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Excess of Revenue (Under) Expenses	\$ (155,640)	\$ (86,243)
Transfer (to) from Appropriated Fund Balance	21,172	-
FUND BALANCE - Unappropriated - Beginning of Year	<u>3,556,297</u>	<u>3,642,540</u>
FUND BALANCE - Unappropriated - End of Year	<u>\$ 3,421,829</u>	<u>\$ 3,556,297</u>

The accompanying notes are an integral part of these financial statements.

MULTISTATE TAX COMMISSION
Statements of Changes in Fund Balance
Appropriated Funds
For the Years Ended
June 30, 2023 and 2022

	Equipment Reserve	Enterprise Automation Project	Total
Fund Balance - June 30, 2021	\$ 120,206	\$ 555,715	\$ 675,921
Transfer from Unappropriated Fund Balance		-	-
Transfer to Unappropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net Amount Transferred (To) From Unappropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2022	<u>120,206</u>	<u>555,715</u>	<u>675,921</u>
Transfer from Unappropriated Fund Balance	36,131	-	36,131
Transfer to Unappropriated Fund Balance	<u>(57,303)</u>	<u>-</u>	<u>(57,303)</u>
Net Amount Transferred (To) From Unappropriated Fund Balance	<u>(21,172)</u>	<u>-</u>	<u>(21,172)</u>
Fund Balance - June 30, 2023	<u>\$ 99,034</u>	<u>\$ 555,715</u>	<u>\$ 654,749</u>

The accompanying notes are an integral part of these statements.

MULTISTATE TAX COMMISSION
Statements of Changes in Fund Balance
Restricted Funds
For the Years Ended
June 30, 2023 and 2022

	National Nexus Program	Total
Fund Balance - June 30, 2021	\$ 1,210,053	\$ 1,210,053
Revenue	837,574	837,574
Expenses	<u>847,110</u>	<u>847,110</u>
Revenue Over (Under) Expenses	<u>(9,536)</u>	<u>(9,536)</u>
Fund Balance - June 30, 2022	1,200,517	1,200,517
Revenue	886,984	886,984
Expenses	<u>915,387</u>	<u>915,387</u>
Revenue Over (Under) Expenses	<u>(28,403)</u>	<u>(28,403)</u>
Fund Balance - June 30, 2023	<u>\$ 1,172,114</u>	<u>\$ 1,172,114</u>

The accompanying notes are an integral part of these statements.

MULTISTATE TAX COMMISSION
Statements of Cash Flows
For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows From Operating Activities		
Excess of revenue (under) expenses	\$ (184,043)	\$ (95,779)
Adjustments to reconcile excess of revenue (under) expenses to net cash provided by operating activities		
Depreciation	95,144	100,720
Unrealized loss on investments	217,973	238,537
Realized loss on sale of investments	-	141,167
Loss on disposal of equipment	786	694
Amortization of right of use operating lease asset	375,398	-
Changes in assets and liabilities		
Accounts receivable	(70,645)	10,775
Prepaid expenses	19,865	(37,879)
Expense account advances	(400)	800
Accounts payable and accrued expenses	(49,302)	45,166
Accrued salaries and vacation pay	39,196	(2,728)
Deferred lease liability	-	(23,238)
Operating lease liability	(398,635)	-
Unearned membership, program and registration fees	23,683	(21,337)
Net Cash Provided by Operating Activities	<u>69,020</u>	<u>356,898</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(65,617)	(53,268)
Purchase of investments	(3,433,977)	(3,601,964)
Proceeds from sale of investments	3,350,100	3,930,000
Net Cash Provided by (Used in) Investing Activities	<u>(149,494)</u>	<u>274,768</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(80,474)	631,666
Cash and Cash Equivalents - Beginning of Year	<u>816,932</u>	<u>185,266</u>
Cash and Cash Equivalents - End of Year	<u>\$ 736,458</u>	<u>\$ 816,932</u>
Supplemental Disclosures		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Supplemental Schedule of Noncash Investing Activities:		
Operating lease liabilities arising from new right of use operating lease assets	<u>\$ 1,684,990</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

MULTISTATE TAX COMMISSION
Notes to Financial Statements
June 30, 2023 and 2022

1. Summary of Significant Accounting Policies

The Multistate Tax Commission (the Commission) was organized in 1967. It was established by the Multistate Tax Compact, which became effective August 4, 1967. The Commission is an intergovernmental state tax agency working on behalf of states and taxpayers to administer, equitably and efficiently, tax laws that apply to multistate and multinational enterprises.

Cash Equivalents

For purposes of the Statements of Cash Flows, the Commission considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Commission considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

Property and equipment are defined as assets with an initial, individual cost of more than \$1,000 and an estimated useful life of one year or more. All property and equipment is stated at cost and depreciated using the straight-line basis based upon estimated useful lives as follows: Leasehold Improvements – 5 to 7 years and Office Furniture and Equipment - 5 to 7 years.

Expenditures for maintenance and repairs are charged to the appropriate expense accounts as incurred. Expenditures for renewals or betterments which materially extend the useful lives of assets or increase their productivity are capitalized at cost. The costs and related allowances for depreciation of assets retired or otherwise disposed of are eliminated from the accounts. The resulting gains or losses are included in the determination of excess of revenue over expenses.

Income Taxes

The Commission is exempt from Federal income taxes as well as from other Federal taxes as an organization of a group of states or as an instrumentality of those states. Therefore, no provision has been made in the financial statements for Federal income taxes.

MULTISTATE TAX COMMISSION
Notes to Financial Statements
June 30, 2023 and 2022

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Membership assessments and program fees are due from the respective states on July 1st of each year (unless other specific arrangements are made with a State) and cover the following twelve-month period. Membership assessments and program fees received prior to July 1st for the following year are unearned and considered deferred income until recognized as revenue in the following year. Training program and conference fees are recognized as revenue when the event takes place. Training program and conference fees received in advance are unearned and considered deferred until the event takes place.

Fair Value

Financial Accounting Standards Board (FASB) Codification Standards defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements and establish a hierarchy for valuation inputs.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 - inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

MULTISTATE TAX COMMISSION
Notes to Financial Statements
June 30, 2023 and 2022

1. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) established Topic 842, *Leases*, by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on the Balances Sheet and disclose key information about leasing arrangements. Topic 842 has been subsequently amended by various ASU's to allow for practical expedients and targeted improvements. The new leasing standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the Balance Sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating leases, with the classification affecting the pattern and classification of expense recognition in the Statement of Revenue and Expenses and Changes in Fund Balances – Unappropriated Funds.

The new standard is effective for non-public entities as of January 1, 2022. The modified retrospective approach was used upon adoption to apply the standard to all leases that existed at the date of initial application. Because this approach was selected, Topic 842 was not applied to periods prior to adoption and did not have an impact on previously reported results. The adoption did have a material effect on the Balance Sheet, with a July 1, 2022 ROU asset of \$1,580,421 recorded and a July 1, 2022 lease liability of \$1,684,990 recorded. There was no material cumulative effect adjustment required to net assets on July 1, 2022. There was no material effect on the Statements of Cash Flows. The Commission has chosen to separate lease and non-lease components in determining the ROU asset and lease liability; therefore, charges for common area maintenance (CAM) have not been included with the ROU asset and lease liability on the Balance Sheet.

In addition, the Commission has applied the practical expedient which allows the use of a risk-free rate to determine the present value of the lease liability. The Commission has also chosen not to reassess any expired or existing contracts for leases. Lastly, the Commission has chosen not to apply Topic 842 to low value assets. Additional information regarding leasing is included in Note (3).

2. Defined Contribution Plans

Effective June 30, 1986, the Commission adopted the Multistate Tax Commission Defined Contribution Plan to be funded at a rate of 12.4% of each participating individual's annual salary. To participate in this plan, employees are required to work more than certain pre-determined hourly and monthly levels throughout the plan year. Effective January 1, 2018, this Plan was closed to any newly hired employees.

MULTISTATE TAX COMMISSION
Notes to Financial Statements
June 30, 2023 and 2022

2. Defined Contribution Plans (continued)

On January 1, 2018, the Commission adopted the Multistate Tax Commission Social Security Participant Defined Contribution Plan, coincident with the Commission's participation in Social Security. To participate in this plan, participants must be hired after January 1, 2018 and work at least 1,000 hours per year. The Plan also includes certain employees from the Commission staff who opted to be covered by Social Security during an election process held in late 2017. The Plan is to be funded at the rate of 6.2% of each participant's individual annual salary.

The total expense relating to the defined contribution plans for the years ended June 30, 2023 and 2022 was \$467,850 and \$451,484, respectively.

3. Commitments

The Commission signed an operating lease for its office facility in Washington, D.C., under a lease agreement expiring July 31, 2020. In March 2018, the Commission amended its Washington D.C. lease to increase the office space and extend the lease to December 31, 2026.

For the year ended June 30, 2023, this lease has been accounted for under ASC Topic 842. The operating lease liability as of June 30, 2023 consists of the following:

Current portion of operating lease liability	\$ 366,237
Long-term portion of operating lease liability	<u>962,867</u>
Total operating lease liability	<u>\$ 1,329,104</u>

Future annual minimum lease payments under the Washington D.C. lease for the next five years are as follows at June 30:

2024	\$ 398,636
2025	398,636
2026	398,636
2027	199,318
2028	-
Thereafter	-
Total undiscounted cash flows	<u>1,395,226</u>
Less: present value discount	<u>(66,122)</u>
Total Operating Lease Liability	<u>\$ 1,329,104</u>

MULTISTATE TAX COMMISSION
Notes to Financial Statements
June 30, 2023 and 2022

3. Commitments (continued)

In March 2021, the Commission signed an operating lease agreement for temporary use of office space in Kentucky for a one year period ending March 31, 2022. This lease has been amended to extend the lease to March 31, 2024. The Kentucky lease is a short term lease and therefore not included in the lease standard described above. The rent commitment for the Kentucky lease is as follows: fiscal year 2024 - \$3,195.

Lease expense under these leases was \$375,398 for the year ended June 30, 2023, which is included in “rent” expense on the Statement of Revenue and Expenses and Changes in Fund Balance – Unappropriated Funds.

Additional information regarding this lease is summarized below:

Weighted-average remaining lease term 3.5
 Weighted-average discount rate 2.87%

For the year ended June 30, 2022, leases were accounted for under ASC 840, the leasing standard that was in effect during that year. That standard required that lease expense be reported on the straight line basis, in an annual amount sufficient to evenly amortize the total lease expense required over the term of the lease. Any cumulative difference between the straight line lease expense and the lease expense on the cash payments basis was recorded as a “deferred rent” on the Balance Sheets. A leasehold allowance of \$185,901 was being amortized over the life of the lease.

For the year ended June 30, 2022, the deferred rent liability consisted of the following:

Current portion of deferred rent	\$ 23,238
Long-term portion of deferred rent	<u>81,331</u>
Total deferred rent liability	\$ <u>104,569</u>

Rent expense under this lease was recognized on a straight line basis for the year ended June 30, 2022 and totaled \$453,138, which is included in “rent” expense on the Statement of Revenues and Expenses and Change in Fund Balance – Unappropriated Funds.

Future minimum lease payments under the operating lease as of June 30, 2022 were as follows:

<u>Fiscal Year Ended:</u>	<u>Minimum Annual Payment</u>
2023	\$ 401,741
2024	398,636
2025	398,636
2026	398,636
2027	199,318

MULTISTATE TAX COMMISSION
Notes to Financial Statements
June 30, 2023 and 2022

4. Appropriated Fund Balances

The Commission's Executive Committee authorized the Enterprise Automation Project fund in the amount of \$73,000 during the year ended June 30, 1997. An additional \$882,218 has been authorized in subsequent years. The purpose of this fund is to provide support, through professional services, for developing enterprise-wide applications for managing the Commission information resources in a manner that enhances its operations. As of June 30, 2023 and 2022, the Enterprise Automation Project fund balance was \$555,715.

The Commission's Executive Committee authorized the Equipment Reserve fund in the amount of \$17,500 during the year ended June 30, 2009. An additional \$116,000 has been authorized in subsequent years. The purpose of this fund is to provide support for purchases of computer equipment for the Commission's audit program and information technology department. As of June 30, 2023 and 2022, the Equipment Reserve fund balances was \$99,034 and \$120,206, respectively.

5. Restricted Fund Balances

During the year ended June 30, 1992, the National Nexus program was established. This program, funded by participating states, aims to encourage and secure taxpayer compliance with current state laws, a liability resolution process, and information sharing among member states. The contributions received from the participating states are restricted for this purpose. As of June 30, 2023 and 2022, the National Nexus program fund balances were \$1,172,114 and \$1,200,517, respectively.

6. Deferred Compensation Plan

The Commission offers employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. Participation in the plan is optional. Distributions from the deferred compensation plan prior to severance from employment are permitted for an unforeseeable emergency, reaching age 70-and one-half years of age, or an account is inactive with a balance not exceeding \$5,000, and to the extent an account contains a rollover contribution.

In accordance with federal law, participants' deferred compensation under the plan is trustee and thus shielded against the claims of the creditors of the Commission and therefore, not included in these financial statements.

The Commission believes it has no liability for losses under the plan but does have a duty of due care that would be required of an ordinary prudent investor. The plan provides approximately fifteen investment options or a combination thereof. The participants make the choice of the investment option(s).

MULTISTATE TAX COMMISSION
Notes to Financial Statements
June 30, 2023 and 2022

7. Investments

The following is a summary of investments along with their respective fair values:

2023				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 3,953,027	\$ -	\$ -	\$3,953,027
Money market funds	<u>1,011,207</u>	<u>-</u>	<u>-</u>	<u>1,011,207</u>
	<u><u>\$ 4,964,234</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$4,964,234</u></u>
2022				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 3,986,358	\$ -	\$ -	\$3,986,358
Money market funds	<u>1,111,972</u>	<u>-</u>	<u>-</u>	<u>1,111,972</u>
	<u><u>\$ 5,098,330</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$5,098,330</u></u>

The Commission invests in an investment portfolio that consists of a mutual fund and a money market fund. Such investments are exposed to various risks such as interest rates, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

8. Allocation of Administrative Expenses

The administrative costs of providing the various programs and other activities have been allocated among the programs and supporting services, based on total operating costs.

9. Use of Estimates

In preparing financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses during the reporting period, and disclosures. Actual results could differ from those estimates.

MULTISTATE TAX COMMISSION
Notes to Financial Statements
June 30, 2023 and 2022

10. Concentration of Credit Risk

Cash held by the Commission in bank accounts may at times exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit. Management believes the Commission is not exposed to any significant credit risk related to cash. As of June 30, 2023 and 2022, the Commission's uninsured cash balances were \$477,673 and \$457,838, respectively.

The Commission maintains a money market account with an investment company that is not insured by FDIC. The balance of the money market account at June 30, 2023 and 2022 was \$1,011,207 and \$1,111,972, respectively.

11. Subsequent Events

Management has evaluated subsequent events through December 19, 2023, the date that the financial statements were available to be issued. There were no significant events to report.

SUPPLEMENTARY INFORMATION



Independent Auditor's Report on Supplementary Information

To the Executive Committee of
Multistate Tax Commission

We have audited the financial statements of Multistate Tax Commission as of and for the year ended June 30, 2023, and our report thereon dated December 19, 2023, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

LSWG, P.A.

Rockville, Maryland
December 19, 2023

MULTISTATE TAX COMMISSION
Schedule of Expenses
For the Year Ended June 30, 2023

	<u>Unappropriated and Appropriated Funds</u>				<u>Restricted Funds</u>			
	<u>General Expenses</u>	<u>Audit Program</u>	<u>Administrative Expenses</u>	<u>Training and Education</u>	<u>Total Unappropriated and Appropriated Funds</u>	<u>National Nexus Program</u>	<u>Total Restricted Funds</u>	<u>Total All Funds</u>
Auditing and payroll services	\$ 15,000	\$ -	\$ 3,608	\$ -	\$ 18,608	\$ -	\$ -	\$ 18,608
Business insurance	-	-	16,850	-	16,850	-	-	16,850
Catering and audio-visual	158,848	26,975	2,131	31,426	219,380	26,331	26,331	245,711
Depreciation	-	-	76,373	-	76,373	18,771	18,771	95,144
Employee benefits	154,128	680,933	103,399	2,018	940,478	74,001	74,001	1,014,479
Payroll taxes	48,139	106,601	26,174	234	181,148	16,275	16,275	197,423
Miscellaneous	662	6,937	4,920	11,266	23,785	110	110	23,895
Consumable and durable supplies	3,075	2,636	21,050	-	26,761	461	461	27,222
Postage	113	81	8,903	147	9,244	14	14	9,258
Printing and duplicating	41	-	137	3,472	3,650	-	-	3,650
Professional services	9,044	1,204	94,220	5,800	110,268	1,607	1,607	111,875
Internet access	7,634	25,252	21,917	-	54,803	-	-	54,803
Rent	114,100	-	233,697	-	347,797	114,092	114,092	461,889
Repairs and maintenance	-	533	6,930	-	7,463	-	-	7,463
Defined contribution plans	86,997	268,254	64,500	1,096	420,847	47,003	47,003	467,850
Salaries	987,914	2,707,997	625,439	9,597	4,330,947	436,632	436,632	4,767,579
Software licenses	1,118	659	86,086	8,644	96,507	1,232	1,232	97,739
Staff training	13,253	1,056	45	-	14,354	-	-	14,354
Subscriptions, publications, dues	104,522	31,495	662	875	137,554	6,006	6,006	143,560
Telephone	12,693	18,610	8,862	-	40,165	3,722	3,722	43,887
Travel	132,343	64,871	38,591	7,454	243,259	6,674	6,674	249,933
Allocation of administrative expenses	409,286	872,752	(1,444,494)	-	(162,456)	162,456	162,456	-
Total Expenses	<u>\$ 2,258,910</u>	<u>\$ 4,816,846</u>	<u>\$ -</u>	<u>\$ 82,029</u>	<u>\$ 7,157,785</u>	<u>\$ 915,387</u>	<u>\$ 915,387</u>	<u>\$ 8,073,172</u>

The accompanying notes are an integral part of this schedule.

FREDERICK • ROCKVILLE

www.lswgcpa.com
