

STATEMENT OF MISSION

The California Tax Education Council (CTEC) will continue to establish professional tax education standards, approve tax education providers who comply with these standards, and facilitate tax preparer compliance for the benefit of California taxpayers.

—California Tax Education Council

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INTRODUCTION

The California Tax Education Council (CTEC) is the organization that registers non-exempt paid preparers, the second largest segment of tax preparation professionals serving California consumers.

Anyone who, for a fee, assists with or prepares a state or federal income tax return, excluding CPAs, attorneys and enrolled agents or their employees, must be registered with CTEC.

The responsibility for approving tax schools was transferred by the California State Legislature and the Governor from the California Department of Consumer Affairs to CTEC effective July 1, 1997. The Council is a nonprofit quasi public benefit corporation made up of CTEC Registered Tax Preparers, as well as appointees from nonprofit and for-profit organizations which represent tax professionals. Representatives to the Council are appointed as described in Section 22251 of the California Business & Professions Code.

The Council is charged with providing a list of approved curriculum providers, approving providers of tax education, verifying education and registering tax preparers who must also obtain a bond.

California Tax Education Council
P.O. Box 2890
Sacramento, CA 95812-2890
1-877-850-CTEC (2832)
www.ctec.org



MESSAGE FROM THE CHAIR

Twenty years ago the California State Legislature had a revolutionary idea to transform a state run program into a non-profit organization, known today as the California Tax Education Council (CTEC).

Throughout the years, the mission of CTEC has never wavered. It has, and continues to be, focused on the protection of taxpayers by enforcing strict tax education standards for nonexempt paid tax preparers.

Despite early obstacles, board members showed undying dedication during those formative years. They traveled throughout California to hold meetings and, in some cases, paid for the expenses out of their own pockets without knowing how long it would take for reimbursement.

Since our inception in 1997, tax preparer registration has increased from 28,821 to an average of 40,000 each year. Over the years there have been several legislative changes, most notably the partnership with the Franchise Tax Board (FTB) to identify and penalize unregistered tax preparers. The 13 year partnership has resulted in the number of unregistered tax preparers dropping from an estimated 10,000 to 3,000 statewide.

“Since our inception in 1997, tax preparer registration has increased from 28,821 to an average of 40,000 each year.”

Each year the Council reviews the quality of education tax preparers receive by continually updating policies and procedures, as well as conducting regular audits on the courses and materials submitted by CTEC approved education providers.

Our public awareness campaign continues to expand awareness through advertising, social media and media relations. Two independent research studies have been conducted over the years to measure the results, which have increased from “moderate” to “strong” awareness regarding CTEC and California tax preparer requirements. Another independent study will be conducted next year to measure the awareness of a new campaign targeting tax preparers who don't sign tax returns.

The tax preparer industry, California taxpayers, and I personally, are all fortunate that CTEC is supported by the California State Legislature, the professionals who volunteer to serve on the Council, as well as an excellent staff. I can say with great confidence that CTEC can no longer be classified as the so called “grand experiment,” but rather an established organization serving California taxpayers.

It has been an honor to serve a third term as Chair. Congratulations to everyone for their hard work and dedication. You are the reason CTEC is celebrating its 20th anniversary with such excitement and accomplishment.



C. Lester Crawford, CRTF

2016 - 2017 Council Members



C. Lester Crawford

Chair

CTEC Registered Tax Preparer
Los Angeles, CA



Susie L. DiMaggio

Treasurer

Appointed by: California
Society of Enrolled Agents



Ann Springborn

Secretary

Appointed by:
National Association
of Tax Professionals



Tracy Allford

Appointed by: Liberty Tax
Service



Marie Archibeque

CTEC Registered Tax Preparer,
Modesto, CA



Rupinder Bains

CTEC Registered Tax Preparer,
Modesto, CA



John Bishop

CTEC Registered Tax Preparer
Oakland, CA
2002-2016



Brandon Chanley

Appointed by: Jackson Hewitt
Tax Service



Karen De Vaney

Appointed by: California
Society of Tax Consultants, Inc.



Margaret "Margy" Dunn

Appointed by: National
Association of Enrolled Agents



Ruth Godfrey

Appointed by: National Society
of Accountants



Aaron Gray

CTEC Registered Tax Preparer
Long Beach, CA

2016 - 2017 Council Members



Paul Latter

Appointed by: H & R
Block Tax Services, Inc.



Susan McMillen

CTEC Registered Tax Preparer
Palm Desert, CA



Katie Tae

CTEC Registered Tax Preparer
Gardena, CA
2013-2016

2016 - 2017 Government Agency Representatives



Rebecca Landeros

Representative of the
California Franchise
Tax Board



Jennifer Roussel

Representative of the
California Franchise
Tax Board



Amy Smith

Representative of the
Internal Revenue Service

2016 - 2017 CTEC Administrative Staff



Tabitha Bolkish



Celeste H. Heritage



20 HISTORIC YEARS

Twenty years ago the California State Legislature had a novel idea. Take a state run tax preparer registration program and put it in the hands of the private tax industry.

It started with one shoebox full of tax preparer data. It did not take long before it escalated into a tax preparer program that made so many leaps and bounds, even the IRS continues to study the program for federal requirements.

Twenty years later, "California's Grand Experiment" is no longer a hypothetical question. It is a proven success. None of it could have been accomplished without the dedication of volunteer board members, education providers, staff, the support of the California State Legislature and, of course, the registered tax preparers who comply with the law.

Thank you, California!

YEARLY REGISTRATIONS

In January 1997 when CTEC took over the former Tax Preparer Program from the California Department of Consumer Affairs, there were approximately 27,000 registered tax preparers in California.

As of June 30, 2017, CTEC has registered 39,306 preparers.

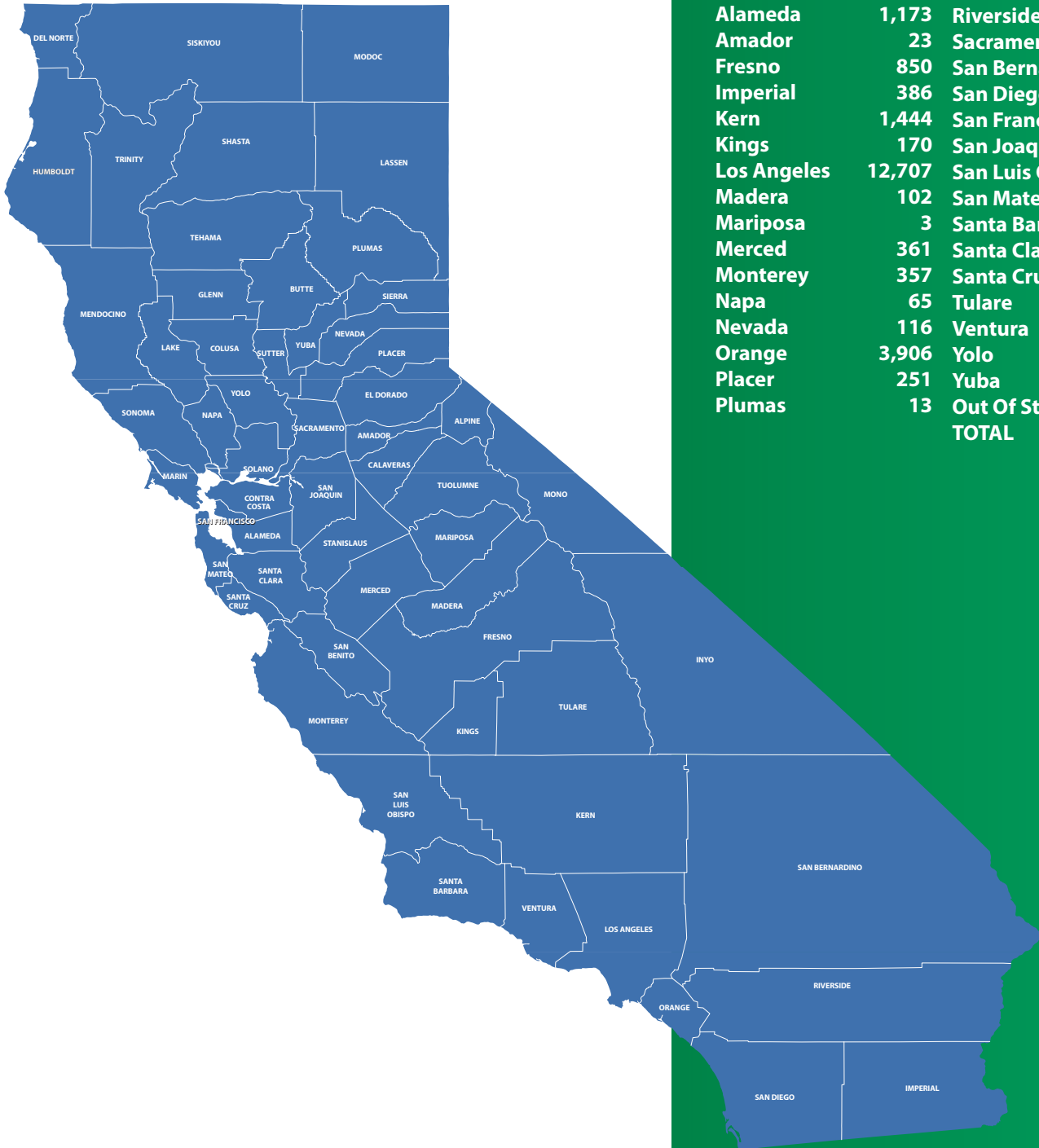
The following table shows each year's annual registration numbers.

Registration Year	Total Registrations
07/01/97-06/30/98	28,831
07/01/98-06/30/99	29,009
07/01/99-06/30/00	29,773
07/01/00-06/30/01	28,444
07/01/01-06/30/02	29,943
07/01/02-06/30/03	32,093
07/01/03-06/30/04	34,391
07/01/04-06/30/05	36,931
07/01/05-06/30/06	39,226
07/01/06-06/30/07	40,565
07/01/07-06/30/08	41,881
07/01/08-06/30/09	44,888
07/01/09-06/30/10	44,147
07/01/10-06/30/11	43,674
07/01/11-06/30/12	41,934
07/01/12-06/30/13	38,481
07/01/13-06/30/14	39,201
07/01/14-06/30/15	41,564
07/01/15-06/30/16	39,965
07/01/16-06/30/17	39,306

CALIFORNIA TAX EDUCATION COUNCIL (CTEC)

REGISTERED TAX PREPARERS BY COUNTY

ON JUNE 30, 2017, THERE WERE 39,306 CRTPS



THE EVOLUTION OF PUBLIC AWARENESS

Over the past 20 years, board members have come and gone. Each brought different perspectives, experience and personalities to the table. New policies have emerged and old policies retired.

Despite the many changes and varying opinions over the course of two decades, the importance of public awareness was never debated. Every board member has always understood the value of such an endeavor.

The mission is clear.

To educate the public about CTEC and CTEC Registered Tax Preparers (CRTPs); with the objective to expand the public's knowledge of CRTPs and communicate the benefits of engaging their services.

CTEC hired its first public relations firm in 1998. During those first years, many independent professionals and firms implemented different campaign strategies to promote the message, "hire a CRTP." The results, however, did not generate the level of awareness the Council believed possible.

In 2007, the Council recognized a different direction was needed and implemented a new message focus - "Is your tax preparer legal?" There were two reasons for the revised approach.


First, attorneys, certified public accountants and enrolled agents are also "legal" tax preparers, not just CRTPs. To exclude those tax preparers from the campaign message does not properly educate the public of what California law requires or why CTEC exists.

Second, focusing on only educating the public to "hire a CRTP" suggests CTEC is a membership organization rather than a state mandate.

Thanks to the revised message, CTEC more than

doubled its media coverage during the 2007 tax season. It also prompted taxpayers to call the CTEC office with questions about tax preparer requirements, including unregistered tax preparers who did not know about CTEC.

Due to the heightened level of awareness, the Council hired an independent research firm in 2009 to get a better understanding of the results.

 **Thanks to the revised message, CTEC more than doubled its media coverage during the 2007 tax season.**

For the 2009 campaign, CTEC spent \$73,000 on bus sign advertising in Los Angeles for four months during tax season. Based on survey results, the firm classified the campaign as achieving a "moderate" 10 percent awareness from the campaign.

The firm compared the results to McDonald's that spends millions of dollars on advertising in Los Angeles year round and averages 40 percent awareness from its campaign.

Most of the respondents said they found out about CTEC through word of mouth or media reports. Advertisements and radio PSAs were the next most popular medium for generating awareness. The survey also found the majority of taxpayers believed the new message "Is Your Tax Preparer Legal?" was a good fit for CTEC and gave it a "5" rating. The rating was based on a scale of 1 to 5. A "1" rating meant "strongly disagree" and a "5" rating meant "strongly agree."

And so began the revolution of the CTEC public awareness campaign.

THE REVOLUTION OF PUBLIC AWARENESS

2007 CTEC forms partnerships with Franchise Tax Board Taxpayer Advocate and Public Affairs Departments, Board of Equalization, Employment Development Department, California Better Business Bureau Offices and Hispanic Association of Professional Services to help promote the new message - "Is Your Tax Preparer Legal?"

2011 CTEC creates a Wikipedia page explaining CRTF requirements and California law.

2013 CTEC heightens its outreach through social media and refreshes its message from "Is Your Tax Preparer Legal?" to "Is Your Tax Preparer California Approved?"

2016 CTEC launches new YouTube videos and a microsite targeting Millennials on how to choose a tax preparer. More than 400,000 taxpayers visited the microsite during 2016 tax season. The microsite is also nominated for the Awwwards. Nominees must show their website is innovative and beautiful.

2005

2008 CTEC implements its first Internet advertising campaign targeting all California taxpayers.

2009 CTEC conducts its first research study to measure the results of its new campaign message - "Is Your Tax Preparer Legal?" Results show CTEC received "moderate" awareness.

2010

2010 CTEC produces its first YouTube video in English and Spanish on how to choose a tax preparer.

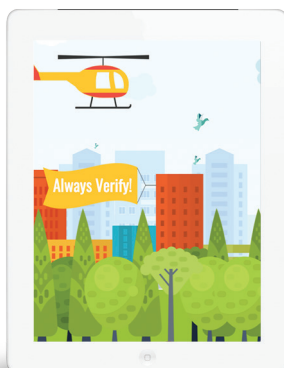
2015

2014 CTEC conducts its second study since 2009 to measure public awareness efforts and the effectiveness of the new message. Results show CTEC has increased from "moderate" to "strong" awareness.

2020

2017 CTEC implements a new strategy to target tax preparers who don't sign tax returns.

2016 Microsite



WHAT IS A MICROSITE?

A microsite is a separate website commonly developed by organizations or companies that want to measure the effectiveness of a specific campaign. It usually takes more creative leaps in design, is focused on one message and has a different website address.

PUBLIC AWARENESS REINVENTED

There is still one issue that continues to elude enforcement teams on both a federal and state level. Tax preparers who don't sign tax returns. These tax preparers often set up a storefront during tax season, collect a fee and disappear after April 15th. They never sign client tax returns, which makes them almost impossible to track down.

In 2017, CTEC launched a new campaign through media relations, social media, Internet advertisements, as well as outdoor advertisements, to warn California taxpayers about tax preparers who don't sign tax returns. The message focused on educating taxpayers that "If you pay, they must sign" and if a tax preparer "doesn't sign your tax return, that's fraud."

The Internet campaign ran in English and Spanish. CTEC billboards and bus signs were strategically posted in areas of Los Angeles that FTB identified as having the most issues with questionable tax preparers. The advertisements were posted in English, Spanish and Mandarin.

All advertisements directed taxpayers to a new microsite called reporttaxpreparerfraud.org. The microsite provided more information on how to identify fraudulent signatures, as well as how to find a California approved tax preparer.

During the 2017 tax season, more than 84,000 taxpayers watched CTEC videos on how to choose a tax preparer and how to identify ghost tax preparers. Close to 160,000 taxpayers visited the microsite in English, Spanish and Mandarin. Approximately 38 percent of those visits were the result of outdoor advertisements in Los Angeles.

CTEC also secured 40 media reports to educate taxpayers on how to choose a tax preparer.

For the 2018 public awareness campaign, CTEC and FTB public affairs will work together through media relations and social media to warn California taxpayers about tax preparers who don't sign tax returns.

An independent study will be conducted after tax season to measure the effectiveness of the campaign.



WHY SO MUCH FOCUS IN LOS ANGELES?

Over the years, CTEC advertisements have been posted in different California markets; however, FTB reports Los Angeles still has the most problems with questionable tax preparers.

TAX PREPARER ENFORCEMENT

HOW CALIFORNIA DEALS WITH UNREGISTERED TAX PREPARERS

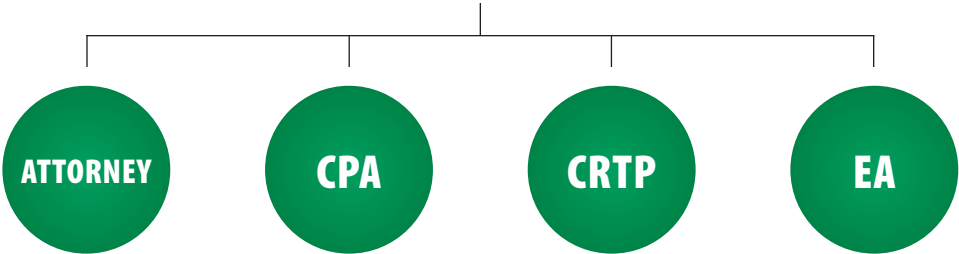
California law requires paid tax preparers to be licensed or registered. Tax preparers who are not an attorney, certified public accountant (CPA), or enrolled agent (EA), are required by law to register with the California Tax Education Council (CTEC).

Each CTEC Registered Tax Preparer (CRTP) must complete a qualifying tax education course, obtain a bond to protect clients against fraud and

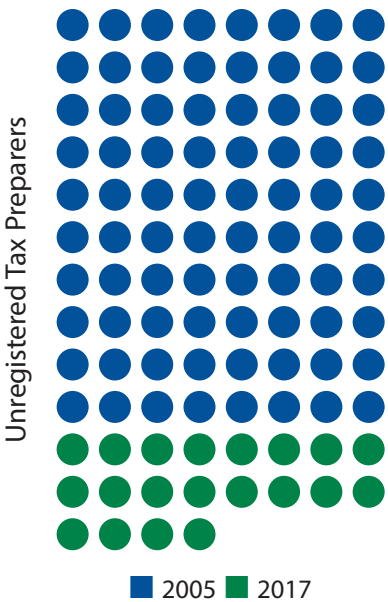
take continuing tax education courses each year. Tax preparers who prepare federal tax returns must also register for an IRS Preparer Tax Identification Number (PTIN).

Anyone caught doing business without a legal designation may face penalties up to \$5,000 from the Franchise Tax Board (FTB).

CALIFORNIA APPROVED TAX PREPARERS



ENFORCEMENT HISTORY



California Senate Bill 1543 took effect in 2005, which gave the Franchise Tax Board (FTB) authority to pursue and penalize unregistered tax preparers.

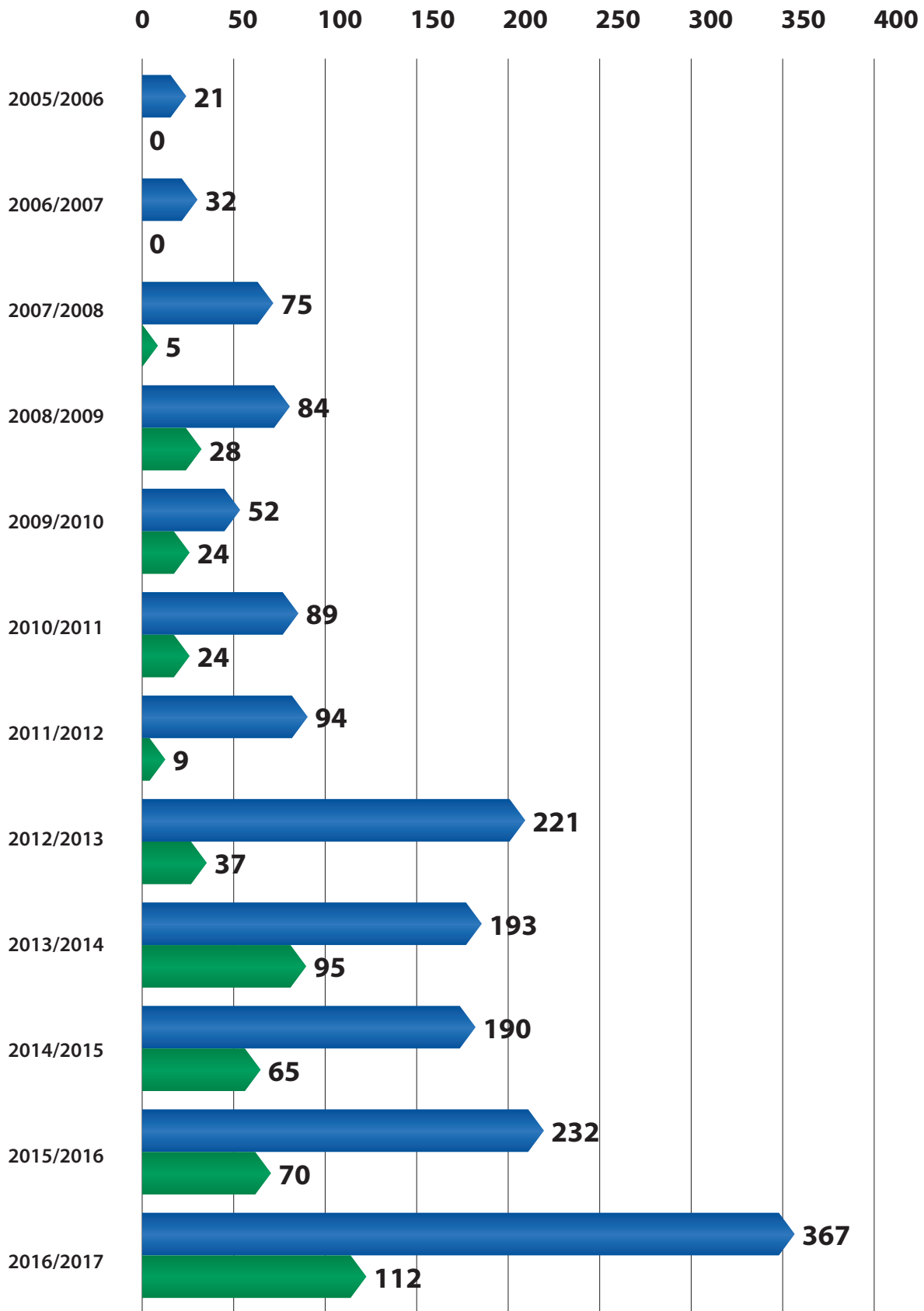
Before the legislation, FTB estimated 10,000 – 20,000 tax preparers were doing business unregistered statewide. As of 2015, that number has dropped to an estimated 4,000 – 5,000!

Tax preparers caught doing business without a legal designation will be issued a \$2,500 penalty for the first offense. If they still fail to comply the next year, a \$5,000 penalty will be issued.

3,000
UNREGISTERED TAX PREPARERS
STATEWIDE AS OF 2017

PENALTIES ISSUED

■ \$2,500 ■ \$5,000



ENFORCEMENT PURSUES AND PENALIZES TAX PREPARERS

When California Senate Bill 1543 took effect in 2005, the strategy was clear. Work with the Franchise Tax Board (FTB) to pursue and penalize unregistered tax preparers.

Tax preparers who are caught preparing tax returns without a legal designation (attorney, certified public accountant, CTEC registered tax preparer "CRTP" or enrolled agent), are issued a \$2,500 penalty letter from FTB. They have 90 days to comply and register with CTEC. If the tax preparer fails to comply, the \$2,500 penalty will be assessed. If the tax preparer still fails to comply the next year, a \$5,000 penalty will be issued each year until they either register with CTEC or sign a waiver to stop preparing tax returns for a fee.

Before the legislation, FTB estimated 10,000 unregistered tax preparers were doing business in California. As of 2017, that number has dropped to an estimated 3,000. The biggest enforcement results occurred in 2007 when CTEC revised its public awareness strategy. With both programs working in tandem, taxpayers got a better understanding of how to verify their tax preparer, while unregistered tax preparers got a better understanding of CTEC requirements. In 2007, CTEC registered a historic high of more than 40,000 tax preparers.

Due to the success of those first few years, the Council and FTB agreed enforcement needed to be taken to the next level - specifically, to

better identify employees who "assist" tax preparers.

Enter the passage of California Senate Bill 797. The legislation, which took effect in 2008, expanded the definition of tax preparation to include "inputting of tax data into a computer." Additionally, under the revised law, employees of attorneys, certified public accountants and enrolled agents could no longer sign tax returns unless they became a CRTP.

The goal, of course, is to ensure taxpayers are protected from the inside out. Many tax preparer employees handle delicate taxpayer information that can impact the accuracy of their tax return, as well as leave them vulnerable to identity theft. The Council believed, due to the sensitivity of the information, certain employees should meet CTEC registration standards.

Although the legislation gave FTB more authority, one question continued to plague the Council. What about CRTPs who are unethical? After all, enforcing registration requirements does not always guarantee the most ethical tax preparers.

And that's when California Senate Bill 484 came into play, which gave CTEC the authority to deny, suspend or revoke registrations from questionable tax preparers. Since the passage of that legislation, the Council has worked closely with the IRS and FTB to ensure

fraudulent tax preparers are not registered with CTEC.

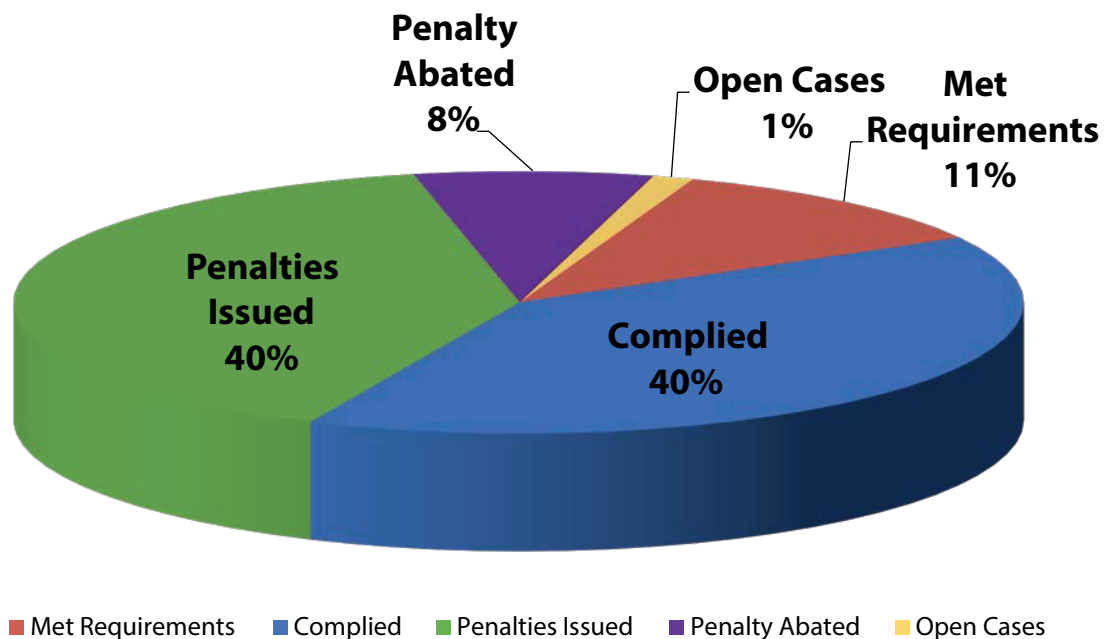
One could argue the enforcement and registration programs are smooth sailing, but as history shows, FTB and CTEC are never complacent. There is yet another enforcement issue that even the IRS struggles to get under control - tax preparers who don't sign tax returns and disappear after tax season, also often referred to as "ghost" tax preparers.

It is an issue CTEC and FTB are now attempting to identify for the first time in California.

Pursuing ghost tax preparers will not be an easy task, but the Council believes it will help FTB obtain new numbers that will lead to even better results for the protection of California taxpayers.

Since the legislation's inception in 2005, CTEC has reimbursed FTB for all expenses and staff salaries that are required to carry out the enforcement program. Every penalty collected by FTB is deposited into the state's general fund.

2016/2017 Contact Results



SCHOOLS APPROVED FOR CONTINUING EDUCATION (20 HOURS)

1 0 4 0 AND MORE CONTINUING EDUCATION

2669 Ne Twin Knolls Ste 106
Bend, Or 97701
650-843-9829
541-617-9537 (Fax)
www.taxcoursesonline.com
Instructional Method: S
CTEC Provider #: 6203

AARDVARK TAX ONLINE

67782 E Palm Canyon Dr Ste B104249
Cathedral City, CA 92234-5433
877-212-1384
888-296-2736 (Fax)
www.aardvarktax.com/California
Instructional Method: C, S
CTEC Provider #: 3083

BRASS TAX PRESENTATIONS

P.O. Box 28147
San Diego, CA 92198
858-487-2553
858-487-8245 (Fax)
www.brasstax.com
Instructional Method: C, S
CTEC Provider #: 1008

CALIFORNIA CPA EDUCATION FOUNDATION

1710 Gilbreth Road
Burlingame, CA 94010
800-922-5272
650-802-6224 (Fax)
www.calcpa.org
Instructional Method: C, S
CTEC Provider #: 2099

CHECKPOINT LEARNING

P.O. Box 115008
Carrollton, TX 75011-5008
800-431-9025
www.checkpointlearning.com
Instructional Method: C, S
CTEC Provider #: 3039

CPE SOLUTIONS, LLC

1911 N. U.S. Hwy 301, #140
Tampa, FL 33619
800-545-7601
813-662-3563 (Fax)
www.cpecredit.com
Instructional Method: S
CTEC Provider #: 3063

101 EDUCATION SERVICES INC.

9 S. Elmhurst Drive, #943
Prospect Heights, IL 60070
800-214-4307
877-674-9290 (Fax)
www.irstaxtraining.com
Instructional Method: C, S
CTEC Provider #: 6224

ACCOUNTANTS EDUCATION SERVICES/ CPE4U COLORADO

4380 S Syracuse St Ste 110
Denver, CO 80237
720-389-5900
720-708-3246 (Fax)
www.aestax.com
Instructional Method: C,
CTEC Provider #: 1066

CA CHAPTER- NAT'L ASSN OF TAX PROFESSIONALS

PO Box 370492
San Diego, CA 92137
619-275-2879
619-275-2879 (Fax)
www.califnatp.com
Instructional Method: C
CTEC Provider #: 2014

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

450 N Street, Mic 19
Sacramento, CA 95814
916-324-2507
Instructional Method: C
CTEC Provider #: 3069

CLIENTWHYS, INC.

3300 Irvine Avenue, Suite 100
Newport Beach, CA 92660
818-338-8700
818-743-0551 (Fax)
www.clientwhys.com
Instructional Method: C, S
CTEC Provider #: 1044

DRAKE SOFTWARE

235 East Palmer Street
Franklin, NC 28734
828-524-8020
828-349-5713 (Fax)
www.drakesoftware.com
Instructional Method: C, S
CTEC Provider #: 3038

3IS TAX SCHOOL

16756 Blackhawk Street
Granada Hills, CA 91344
855-620-7988
818-742-6248 (Fax)
www.3issschool.com
Instructional Method: C, S
CTEC Provider #: 6239

AROUND THE BLOCK TAX SERVICES

214 N. Palm Ave.
Ontario, CA 91762
909-270-6471
Instructional Method: C, S
CTEC Provider #: 3094

CA SOCIETY OF ENROLLED AGENTS

3200 Ramos Circle
Sacramento, CA 95827-2513
916-366-6646
916-366-6674 (Fax)
www.csea.org
Instructional Method: C
CTEC Provider #: 1001

CALIFORNIA SOCIETY OF TAX CONSULTANTS, INC.

65 Enterprise
Aliso Viejo, CA 92656
949-715-4192
949-715-6931 (Fax)
www.cstcsociety.org
Instructional Method: C
CTEC Provider #: 1000

COLLEGE OF SAN MATEO

1700 W. Hillsdale Blvd.
San Mateo, CA 94402
650-574-6161
www.collegeofsanmateo.edu
Instructional Method: C
CTEC Provider #: 3025

FAST FORWARD ACADEMY

3670 Maguire Blvd, Ste. 350
Orlando, FL 32803
888-798-7277
407-792-2695 (Fax)
www.fastforwardacademy.com
Instructional Method: C, S
CTEC Provider #: 6209

A & B OFFICE INCOME TAX SCHOOL

12432 Oxnard St.
North Hollywood, CA 91606
818-505-3537
818-308-8533 (Fax)
www.aboffice.com
Instructional Method: C, S
CTEC Provider #: 1057

BESTAX & INSURANCE SERVICE

23962 Alessandro Blvd Ste Q
Moreno Valley, CA 92553
951-653-2202
951-653-2473 (Fax)
www.bestaxservice.net
Instructional Method: C, S
CTEC Provider #: 6206

CAL TAX SCHOOL

PO Box 892033
Temecula, CA 92589
877-900-4346
877-900-4310 (Fax)
www.caltaxschool.org
Instructional Method: C, S
CTEC Provider #: 3055

CALIFORNIA TAX INSTITUTE

5281 Laurel View Circle
Yorba Linda, CA 92886
800-995-1747
714-777-4267 (Fax)
www.californiataxinstitute.com
Instructional Method: C, S
CTEC Provider #: 1022

CPE LINK

4340 Stevens Creek Blvd., Suite 160
San Jose, CA 95129
800-616-3822
888-853-0665 (Fax)
www.cpelink.com
Instructional Method: C, S
CTEC Provider #: 6218

FEDERAL DIRECT TAX SERVICES

11905 Pendleton Pike
Indianapolis, IN 46236
866-357-2052
317-252-0360 (Fax)
www.federaldirecttax.com
Instructional Method: S
CTEC Provider #: 6245

SCHOOLS APPROVED FOR CONTINUING EDUCATION (20 HOURS)

FULLER PROFESSIONAL EDUCATION, LLC

PO Box 254
Farmington, UT 84025
801-872-3518
www.fulleredu.com
Instructional Method: C, S
CTEC Provider #: 6227

H & R BLOCK TAX SERVICES, INC.

7604 Pacific Avenue, 2nd FL
Stockton, CA 95207
916-529-9106
916-218-6261 (Fax)
www.hrblock.com
Instructional Method: C, S
CTEC Provider #: 1040

INTERNAL REVENUE SERVICE – TAX FORUM ONLY

1111 Conisution Avenue NW
Washington, DC 20224
Instructional Method: C
CTEC Provider #: 6181

JENNINGS ADVISORY GROUP, LLC

4403 Hamburg Pike Suite B
Jeffersonville, IN 47130
812-466-1040
866-223-2696 (Fax)
www.Taxspeaker.com
Instructional Method: C, S
CTEC Provider #: 3067

LIBERTY TAX SERVICE

303 Talmage Rd, Ste. B
Ukiah, CA 95482
707-972-7335
707-462-6016 (Fax)
www.libertytax.com
Instructional Method: C
CTEC Provider #: 2097

NATIONAL ASSOCIATION OF TAX PROFESSIONALS

P. O. Box 8002
Appleton, WI 54912-8002
800-558-3402
800-747-0001 (Fax)
www.natptax.com
Instructional Method: C, S
CTEC Provider #: 1067

GEAR UP

P.O. Box 115008
Carrollton, TX 75011-5008
800-431-9025
www.checkpointlearning.com/Gearup
Instructional Method: C, S
CTEC Provider #: 1013

HERA'S INCOME TAX SCHOOL

3705 W Pico Blvd
Los Angeles, CA 90019
213-454-0567
www.herasincometaxschool.com
Instructional Method: C, S
CTEC Provider #: 2086

IRS STAKEHOLDER LIAISON

4330 Watt Avenue
Sacramento, CA 95821
916-974-5281
877-477-8639 (Fax)
www.irs.gov/Taxpros
Instructional Method: C
CTEC Provider #: 1060

L & R TAX TRAINING SCHOOL

109 West Transit Street
Ontario, CA 91762
909-986-8372
909-986-8375 (Fax)
www.mdproservice.com
Instructional Method: C
CTEC Provider #: 3016

LOS ANGELES HARBOR COLLEGE

1001 W Carson Street Suite P
Torrance, CA 90502
310-783-0318
310-783-0048 (Fax)
Instructional Method: C
CTEC Provider #: 3048

NATIONAL CENTER FOR PROFESSIONAL EDUCATION, INC. (NCPE)

P.O. Box 560
Zachary, LA 70791
800-682-2163
225-654-8000 (Fax)
ncpeseminars.com
Instructional Method: C
CTEC Provider #: 6226

GLOBAL CPE NETWORK, LLC

PO Box 489
Riverview, FL 33568
813-917-6246
813-612-4233 (Fax)
www.globalcpe.com
Instructional Method: C, S
CTEC Provider #: 6233

HISPANIC ASSOCIATION OF PROFESSIONAL SERVICES

1152 3rd Avenue
Chula Vista, CA 91911
619-300-1249
619-330-4806 (Fax)
www.haps-CA.org
Instructional Method: C
CTEC Provider #: 6237

IRS STAKEHOLDER PARTNERSHIPS, EDUCATION AND COMMUNICATION (VITA/TCE)

401 West Peachtree Street NW; Stop 54WI
Atlanta, GA 30308
559-454-6221
www.irs.gov/App/Vita/
Instructional Method: C, S
CTEC Provider #: 6238

LAMBERS, INC.

7150 114th Avenue N Suite 200
Largo, FL 33373
727-507-9646
727-507-8380 (Fax)
www.lambers.com
Instructional Method: S
CTEC Provider #: 6231

MBS TAX & ACCOUNTING

1833 W 8th St Ste 203
Los Angeles, CA 90057
213-483-5520
213-483-3259 (Fax)
www.mbstaxandaccounting.com
Instructional Method: C
CTEC Provider #: 6212

NATIONAL POLYTECHNIC COLLEGE, INC.

6630 Telegraph Road
Commerce, CA 90040
323-728-9636
323-728-0952 (Fax)
www.npcollege.edu
Instructional Method: C
CTEC Provider #: 6202

GOLDEN STATE TAX TRAINING INSTITUTE, INC.

PO Box 930
Prospect Heights, IL 60070
877-674-9290
877-674-3472 (Fax)
www.gstti.com
Instructional Method: C, S
CTEC Provider #: 2040

INTERNAL REVENUE SERVICE

300 N. Los Angeles St, Stop 1053
Los Angeles, CA 90012
213-576-4196
213-894-6541 (Fax)
Instructional Method: C
CTEC Provider #: 1052

JACKSON HEWITT TAX SERVICE

501 N. Cattlemen Road, Suite 300
Sarasota, FL 34232
800-234-1040
www.jacksonhewitt.com
Instructional Method: C, S
CTEC Provider #: 1009

LATINO TAX PROFESSIONALS ASSOCIATION

1588 Moffett Street Ste. F
Salinas, CA 93905
866-936-2587
831-424-3218 (Fax)
www.latinotaxpro.org
Instructional Method: C, S
CTEC Provider #: 2080

MIRA COSTA COLLEGE BUSINESS DEPT.

Business Dept, 1 Barnard Drive
Oceanside, CA 92056-3899
760-757-2121 X6488
760-795-6770 (Fax)
www.miracosta.edu
Instructional Method: C, S
CTEC Provider #: 1074

NATIONAL SOCIETY OF PUBLIC ACCOUNTANTS

1330 Braddock Place, Suite 540
Alexandria, VA 22314
800-966-6679
703-549-2512 (Fax)
www.nsacct.org
Instructional Method: S
CTEC Provider #: 2094

SCHOOLS APPROVED FOR CONTINUING EDUCATION (20 HOURS)

NATIONAL SOCIETY OF TAX PROFESSIONALS

11700 NE 95th St, Ste 100
Vancouver, WA 98682
360-695-8309
360-695-7115 (Fax)
www.nstpp.org
Instructional Method: C, S
CTEC Provider #: 2001

NATIONAL TAX TRAINING SCHOOL

P.O. Box 767
Mahwah, NJ 7430
201-684-0828
201-684-0829 (Fax)
www.nattax.com
Instructional Method: C, S
CTEC Provider #: 1025

PLATINUM PROFESSIONAL SERVICE, INC.

12340 Seal Beach Blvd. Suite 271B
Seal Beach, CA 90740
877-315-1772
877-315-2725 (Fax)
www.platinumprostudies.com
Instructional Method: C, S
CTEC Provider #: 2052

PROEDTECH LLC

2222 Sedwick Road
Durham, Nc 27713
239-280-2300
800-508-2592 (Fax)
www.elifinancial.com/Taxation
Instructional Method: C
CTEC Provider #: 6251

PRONTO TAX SCHOOL, INC.

4501 S. Centinela Ave.
Los Angeles, CA 90066
310-422-1283
www.prontotaxschool.com
Instructional Method: S
CTEC Provider #: 6201

REFUNDS TODAY DBA NATIONAL TAX SCHOOL

10430 Pioneer Blvd. Suite 2
Santa Fe Springs, CA 90670
323-261-0240
877-329-2829 (Fax)
www.nationaltaxschool.net
Instructional Method: C, S
CTEC Provider #: 3044

RIVERSIDE TAX CONSULTANTS ASSOCIATION

P.O. Box 5546
Riverside, CA 92517
951-369-5088
951-369-5075 (Fax)
www.rtcaweb.org
Instructional Method: C
CTEC Provider #: 2036

SOUTHERN CALIFORNIA TAX PROFESSIONALS, INC.

5360 Jackson Dr Ste 118
La Mesa, CA 91942
619-698-0508
619-698-9735 (Fax)
www.sctaxpro.org
Instructional Method: C
CTEC Provider #: 6207

SPIDELL PUBLISHING

P.O. Box 61044
Anaheim, CA 92803
714-776-7850
714-776-9906 (Fax)
www.caltax.com
Instructional Method: C, S
CTEC Provider #: 1019

SUPER LAB TAX AND ACCOUNTING FIRM

753 San Simeon Street
Sunnyvale, CA 94085
408-738-8382
Instructional Method: C, S
CTEC Provider #: 3061

SURGENT MCCOY CPE, LLC

237 Lancaster Ave.
Devon, PA 19333
800-778-7436
610-688-3977 (Fax)
www.cpenow.com
Instructional Method: C, S
CTEC Provider #: 6217

TAX CENTERS OF AMERICA, INC.

1611 East Main Street
Russellville, AR 72801
479-968-4796
479-968-8012 (Fax)
www.taxschoolsofamerica.com
Instructional Method: C, S
CTEC Provider #: 6230

TAX COURSE CENTRAL / JORDAN & JORDAN FINANCIAL

31858 Castaic Rd Ste 179
Castaic, CA 91384
800-349-8905
www.taxcoursecentral.com/CTEC-Courses
Instructional Method: C, S
CTEC Provider #: 1068

TAX EASE, LLC

39270 Paseo Padre Pwy #624
Fremont, CA 94538
877-829-2667
510-779-5251 (Fax)
www.taxease.com
Instructional Method: S
CTEC Provider #: 3064

TAX LINK SEMINARS

2335 W. Foothill Blvd Ste 16
Upland, CA 91786
909-621-1982
909-625-4293 (Fax)
Instructional Method: C, S
CTEC Provider #: 1048

TAX MATERIALS, INC.

15105 Minnetonka Ind. Rd., Suite 221
Minnetonka, MN 55345
952-746-5276
952-746-5278 (Fax)
www.thetaxbook.com
Instructional Method: S
CTEC Provider #: 6193

TAX PRACTICE PRO, INC.

2364 State Route 17A
Goshen, NY 10924
800-943-1750
845-206-0648 (Fax)
www.taxpracticepro.com
Instructional Method: C
CTEC Provider #: 6248

TAX TALK TODAY

10319 Westlake Drive #146
Bethesda, MD 20817
202-559-9330
202-559-9333 (Fax)
www.taxtalktoday.com
Instructional Method: C, S
CTEC Provider #: 3022

TAXRESOURCES, INC.

600 Coolidge Drive, Suite 300
Folsom, CA 95630
714-382-7732
916-904-8499 (Fax)
www.taxaudit.com
Instructional Method: C, S
CTEC Provider #: 3027

THE INCOME TAX SCHOOL

10120 West Broad Street, Suite A
Glen Allen, VA 23060
804-204-1040
804-213-4248 (Fax)
www.theincometaxschool.com
Instructional Method: C, S
CTEC Provider #: 1071

THE TAX INSTITUTE

424 18th Street
Bakersfield, CA 93301
661-861-0635
661-633-2119 (Fax)
www.thetaxcollege.com
Instructional Method: S
CTEC Provider #: 1007

THE TAX SCHOOL

7080 Donlon Way Suite 201
Dublin, CA 94568
800-327-1040
800-426-2345 (Fax)
www.thetaxschool.com
Instructional Method: S
CTEC Provider #: 1003

THE TAX UNIVERSITY

1776 Locust Shade Ln
Charlottesville, VA 22911
434-566-0875
www.onlinetaxuniversity.com
Instructional Method: C, S
CTEC Provider #: 6219

WEBCE

12222 Merit Dr, Suite 500
Dallas, TX 75251
877-488-9315
214-570-0213 (Fax)
www.webce.com
Instructional Method: C, S
CTEC Provider #: 6216

SCHOOLS APPROVED FOR CONTINUING EDUCATION (20 HOURS)

WESTERN CPE

243 Pegasus Drive
Bozeman, MT 59718
406-556-0115
206-774-1285 (Fax)
www.westerncpe.com
Instructional Method: C, S
CTEC Provider #: 2071

WOLTERS KLUWER, CCH

2700 Lake Cook Road
Riverwoods, IL 60015
800-344-3734
773-866-3084(Fax)
www.cchgroup.com
Instructional Method: C, S
CTEC Provider #: 1075



SCHOOLS APPROVED FOR QUALIFYING EDUCATION (60 HOURS)

101 EDUCATION SERVICES INC.

9 S. Elmhurst Drive, #943
Prospect Heights, IL 60070
800-214-4307
877-674-9290 (Fax)
www.irstaxtraining.com
Instructional Method: C, S
CTEC Provider #: 6224

3IS TAX SCHOOL

16756 Blackhawk Street
Granada Hills, CA 91344
855-620-7988
818-742-6248 (Fax)
www.3isschool.com
Instructional Method: C, S
CTEC Provider #: 6239

A & B OFFICE INCOME TAX SCHOOL

12432 Oxnard St.
North Hollywood, CA 91606
818-505-3537
818-308-8533 (Fax)
www.aboffice.com
Instructional Method: C, S
CTEC Provider #: 1057

AMERICAN BUSINESS COLLEGE, INC.

7283 Engineer Road, Suite H
San Diego, CA 92111
858-836-1420
858-836-1438 (Fax)
www.theaccountingacademy.com
Instructional Method: C
CTEC Provider #: 6252

AROUND THE BLOCK TAX SERVICES

214 N. Palm Ave.
Ontario, CA 91762
909-270-6471
Instructional Method: C, S
CTEC Provider #: 3094

BESTAX & INSURANCE SERVICE

23962 Alessandro Blvd Ste Q
Moreno Valley, CA 92553
951-653-2202
951-653-2473 (Fax)
www.besttaxservice.net
Instructional Method: C
CTEC Provider #: 6206

CABRILLO COLLEGE

6500 Soquel Drive Bela Division
Aptos, CA 95003
831-479-6378
www.cabrillo.edu
Instructional Method: C
CTEC Provider #: 2070

CALIFORNIA INCOME TAX LEARNING CENTER

2212 Fenton Parkway #214
San Diego, CA 92108
(Fax)
<https://www.facebook.com/Tax-pretraining?Fref=Ts>
Instructional Method: C
CTEC Provider #: 6236

CALIFORNIA SOCIETY OF TAX CONSULTANTS, INC.

65 Enterprise
Aliso Viejo, CA 92656
949-715-4192
949-715-6931 (Fax)
www.cstcsociety.org
Instructional Method: C, S
CTEC Provider #: 1000

CALIFORNIA TAX INSTITUTE

5281 Laurel View Circle
Yorba Linda, CA 92886
800-995-1747
714-777-4267 (Fax)
www.californiataxinstitute.com
Instructional Method: C, S
CTEC Provider #: 1022

CHAFFEY COLLEGE

5885 Haven Ave.
Rancho Cucamonga, CA 91737
909-652-6846
909-652-6825 (Fax)
www.chaffey.edu
Instructional Method: C
CTEC Provider #: 2046

COLLEGE OF SAN MATEO

1700 W. Hillsdale Blvd.
San Mateo, CA 94402
650-574-6161
www.collegeofsanmateo.edu/Accounting
Instructional Method: C
CTEC Provider #: 3025

COLLEGE OF THE DESERT

43-500 Monterrey Avenue
Palm Desert, CA 92260
760-776-7316
www.colleofthedesert.edu
Instructional Method: C
CTEC Provider #: 6235

COMMUNITY 1ST TAX SOLUTIONS

7867 S. Western Avenue
Los Angeles, CA 90047
323-292-5812 (Fax)
Instructional Method: C, S
CTEC Provider #: 6246

COMPRO TAX

5349 Crenshaw Blvd., Suite 103
Los Angeles, CA 90043
323-292-5812
323-292-5816 (Fax)
Comprotax.net
Instructional Method: C
CTEC Provider #: 3013

EVERGREEN VALLEY COLLEGE

3095 Yerba Buena Road
San Jose, CA 95135
408-274-7900
www.evc.edu
Instructional Method: C
CTEC Provider #: 6182

FOOTHILL COLLEGE

12345 El Monte Road
Los Altos Hills, CA 94022
650-949-7394
650-948-2845 (Fax)
www.foothill.edu
Instructional Method: C
CTEC Provider #: 3043

GOLDEN STATE TAX TRAINING INSTITUTE, INC.

PO Box 930
Prospect Heights, IL 60070
877-674-9290
877-674-3472 (Fax)
www.gstti.com
Instructional Method: C, S
CTEC Provider #: 2040

H & R BLOCK TAX SERVICES, INC.

7604 Pacific Avenue, 2Nd Fl
Stockton, CA 95207
916-529-9106
916-218-6261 (Fax)
www.hrblock.com
Instructional Method: C
CTEC Provider #: 1040

HOANG LE FAST TAX & FINANCIAL PLANNING INC.

98 S. Abel Street
Milpitas, CA 95035
510-697-9559
510-779-5588 (Fax)
Instructional Method: C
CTEC Provider #: 6242

IRVINE VALLEY COLLEGE DEPARTMENT OF BUSINESS SCIENCES

5500 Irvine Center Drive
Irvine, CA 92618
949-451-5532
949-451-5775 (Fax)
www.irc.edu
Instructional Method: C
CTEC Provider #: 6189

JACKSON HEWITT TAX SERVICE

501 N. Cattlemen Road, Suite 300
Sarasota, FL 34232
800-234-1040
www.jacksonhewitt.com
Instructional Method: C, S
CTEC Provider #: 1009

LATINO TAX PROFESSIONALS ASSOCIATION

1588 Moffett Street Ste. F
Salinas, CA 93905
866-936-2587
831-424-3218 (Fax)
www.latinotaxpro.org
Instructional Method: C, S
CTEC Provider #: 2080

LIBERTY TAX SERVICE

303 Talmage Rd, Ste. B
Ukiah, CA 95482
707-972-7335
707-462-6016 (Fax)
www.libertytax.com
Instructional Method: C
CTEC Provider #: 2097

SCHOOLS APPROVED FOR QUALIFYING EDUCATION (60 HOURS)

LOS RIOS COMMUNITY COLLEGE DISTRICT

8401 Center Parkway
Sacramento, CA 95823
916-691-7226
916-691-7443 (Fax)
www.crc.losrios.edu
Instructional Method: C
CTEC Provider #: 3006

NORCO COLLEGE

2001 Third Street
Norco, CA 92860
951-372-7194
951-972-7192 (Fax)
www.norcollege.edu
Instructional Method: C,
CTEC Provider #: 6228

PRONTO TAX SCHOOL, INC.

4501 S. Centinela Ave.
Los Angeles, CA 90066
310-422-1283
www.prontotaxschool.com
Instructional Method: S
CTEC Provider #: 6201

RIO HONDO COLLEGE

3600 Workman Mill Road
Whittier, CA 90601
562-463-7358
562-463-4650 (Fax)
www.riohondo.edu
Instructional Method: C
CTEC Provider #: 6210

SANTA ANA COLLEGE

1530 W. 17th Street
Santa Ana, CA 92706
714-564-6771
714-564-6133 (Fax)
www.sac.edu
Instructional Method: C
CTEC Provider #: 2019

TAX LEGEND SERVICES

1855 West Manchester Ave
Los Angeles, CA 90047
310-412-1400
424-331-5665 (Fax)
www.taxlegendonline.com
Instructional Method: C
CTEC Provider #: 6240

MIRA COSTA COLLEGE BUSINESS DEPT.

Business Dept, 1 Barnard Drive
Oceanside, CA 0
760-757-2121 X6488
760-795-6770 (Fax)
www.miracosta.edu
Instructional Method: C, S
CTEC Provider #: 1074

PASADENA CITY COLLEGE

1570 E. Colorado Blvd.
Pasadena, CA 91106
626-585-7704
626-585-7704 (Fax)
www.pasadena.edu
Instructional Method: C
CTEC Provider #: 6185

R & V INCOME TAX SERVICES

2998 Mission Street
San Francisco, CA 94110
415-933-1104
www.randvincometaxservices.com
Instructional Method: C, S
CTEC Provider #: 3073

SAN DIEGO CITY COLLEGE

1313 Park Blvd.
San Diego, CA 92101
619-388-3488
www.sdccd.edu
Instructional Method: C
CTEC Provider #: 2006

SANTA MONICA COLLEGE

1900 Pico Blvd.
Santa Monica, CA 90405
310-434-4846
310-434-3603 (Fax)
www.smc.edu
Instructional Method: C
CTEC Provider #: 6244

THE INCOME TAX SCHOOL

10120 West Broad Street, Suite A
Glen Allen, Va 23060
804-204-1040
804-213-4248 (Fax)
www.theincometaxschool.com
Instructional Method: C, S
CTEC Provider #: 1071

MKG ENTERPRISES CORP D/B/A MKG TAX CONSULTANTS

3003 N Blackstone Ave Suite 209
Fresno, CA 93703
559-412-7248
609-277-8181 (Fax)
www.mkgtax.com/Mkg-Tax-School-Course-6234
Instructional Method: C, S
CTEC Provider #: 6234

PLATINUM PROFESSIONAL SERVICE, INC.

12340 Seal Beach Blvd. Suite 271B
Seal Beach, CA 90740
877-315-1772
877-315-2725 (Fax)
www.platinumprostudies.com
Instructional Method: C, S
CTEC Provider #: 2052

REDEEMED BUSINESS & TAX SERVICES

1481 W. 7Th Street #62
Upland, CA 91786
562-606-2531
888-440-1379 (Fax)
www.getredeemednow.com
Instructional Method: C, S
CTEC Provider #: 6249

SAN DIEGO MESA COLLEGE

12927 Pomerado Road
Poway, CA 92064
858-679-8661
858-762-4603 (Fax)
www.sdmesa.edu
Instructional Method: C
CTEC Provider #: 3053

SEAL SERVICES INC.

3270 E. Belmont Avenue
Fresno, CA 93702
559-266-6555
559-485-5384 (Fax)
Instructional Method: C
CTEC Provider #: 6215

WOODLAND COMMUNITY COLLEGE

2300 E. Gibson Avenue
Woodland, CA 95776
530-661-5714
www.wccd.edu
Instructional Method: C
CTEC Provider #: 6241

NATIONAL POLYTECHNIC COLLEGE, INC.

6630 Telegraph Road
Commerce, CA 90040
323-728-9636
323-728-0952 (Fax)
www.npccollege.edu
Instructional Method: C
CTEC Provider #: 6202

PLOVER FINANCIAL

11200 Crenshaw Blvd
Inglewood, CA 90303
323-757-6900
310-496-0109 (Fax)
Instructional Method: C, S
CTEC Provider #: 3058

REFUND REPUBLIC

983 N La Brea Suite 983
Inglewood, CA 90302
844-868-5433
www.refundrepublic.com
Instructional Method: C
CTEC Provider #: 6247

SAN DIEGO MIRAMAR COLLEGE

10440 Black Mountain Road
Attn: M107-P
San Diego, CA 92126
619-388-7699
www.sdmiramar.edu
Instructional Method: C
CTEC Provider #: 6250

TAX COURSE CENTRAL JORDAN & JORDAN FINANCIAL"

31858 Castaic Rd Ste 179
Castaic, CA 91384
800-349-8905
www.taxcoursecentral.com/CTEC-Courses
Instructional Method: C, S
CTEC Provider #: 1068

YUBA COMMUNITY COLLEGE

2088 N. Beale Road
Marysville, CA 95901
530-741-6908
530-741-8958 (Fax)
www.yccd.edu
Instructional Method: C
CTEC Provider #: 2003

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
California Tax Education Council
Sacramento, California

We have audited the accompanying financial statements of the California Tax Education Council, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements 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 Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

1515 River Park Drive, Suite 150
Sacramento, CA 95815-4606
Tel (916) 481-2856
Fax (916) 488-4428
<http://www.dhscpa.com>

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Tax Education Council as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of activities and changes in net assets – budget to actual on pages 35-36 are presented for purposes of additional analysis and are 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.



DAMORE, HAMRIC & SCHNEIDER, INC.
Certified Public Accountants

November 6, 2017

STATEMENTS OF FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 179,637	\$ 314,560
Certificates of Deposit (Note 3)	1,200,000	650,000
Prepaid Expenses	<u>942</u>	<u>942</u>
Total Current Assets	<u>\$ 1,380,579</u>	<u>\$ 965,502</u>
Equipment, Net (Note 4)	<u>\$ 43,252</u>	<u>\$ 64,375</u>
Total Assets	<u><u>\$ 1,423,831</u></u>	<u><u>\$ 1,029,877</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	<u>\$ 108,561</u>	<u>\$ 68,300</u>
Total Current Liabilities and Total Liabilities	<u>\$ 108,561</u>	<u>\$ 68,300</u>
Net Assets		
Net Assets - Unrestricted	<u>\$ 1,315,270</u>	<u>\$ 961,577</u>
Total Liabilities and Net Assets	<u><u>\$ 1,423,831</u></u>	<u><u>\$ 1,029,877</u></u>

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

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Revenue:		
Registration Fees	\$ 1,297,365	\$ 1,327,722
Late Registration Fees	381,315	384,758
Certificates	7,050	7,528
Provider Fees	28,050	24,800
Mailing List	2,000	3,250
Other Income	340	309
Interest	<u>3,362</u>	<u>2,474</u>
Total Revenues	<u>\$ 1,719,482</u>	<u>\$ 1,750,841</u>
Expenses:		
Board Activities	\$ 152,402	\$ 125,980
Audit Oversight Committee	18,003	19,334
General and Administrative	108,865	100,804
Communication and Technology	57,435	52,140
Curriculum Provider Committee	89,612	90,121
Budget and Finance Committee		
Executive Committee		
Governmental Relations Committee	252,414	311,022
Public Awareness Committee	385,066	378,110
Tax Preparer Committee	<u>301,992</u>	<u>312,001</u>
Total Expenses	<u>\$ 1,365,789</u>	<u>\$ 1,389,512</u>
Increase in Net Assets	\$ 353,693	\$ 361,329
Net Assets, Beginning of Fiscal Year	<u>961,577</u>	<u>600,248</u>
Net Assets, End of Fiscal Year	<u>\$ 1,315,270</u>	<u>\$ 961,577</u>

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

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

	Board Activities	Audit Oversight Committee	General & Administrative	Communication & Technology	Curriculum Provider Committee	Budget & Finance Committee	Executive Committee	Governmental Relations Committee	Public Awareness Committee	Tax Preparer Committee	Total Expenses
Accounting	\$ —	\$ 13,230	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13,230
Advertising & Promotion	—	—	—	—	—	—	—	—	329,781	—	329,781
Audit Review	—	—	—	—	3,748	—	—	—	—	—	3,748
Bank Service Charges	—	—	185	—	—	—	—	—	—	—	185
Credit Card Fees	—	—	—	—	—	—	—	—	—	47,807	47,807
Depreciation	—	—	—	—	4,225	—	—	—	8,449	8,449	21,123
Enforcement	—	—	—	—	—	—	—	164,602	—	—	164,602
Fees & Licenses	—	—	180	—	—	—	—	—	—	—	180
Insurance	—	—	2,807	—	—	—	—	—	—	—	2,807
Legal	—	—	17,537	—	—	—	—	—	—	—	17,537
Management Fee	82,350	—	82,350	27,450	27,450	—	—	82,350	27,450	219,600	549,000
Meetings & Conferences	40,989	—	—	—	1,500	—	—	1,032	—	—	43,521
Miscellaneous	—	—	556	—	—	—	—	—	—	—	556
Outside Consultants	—	—	—	6,660	52,689	—	—	—	—	—	59,349
Postage	—	—	340	—	—	—	—	—	4,501	11,000	15,841
Printing	—	4,773	4,910	—	—	—	—	—	10,531	15,136	35,350
Telephone & Fax	—	—	—	—	—	—	—	—	1,290	—	1,290
Travel	—	—	—	—	—	—	—	4,430	3,064	—	7,494
Mileage	3,016	—	—	—	—	—	—	—	—	—	3,016
Airfare	3,304	—	—	—	—	—	—	—	—	—	3,304
Hotel	17,825	—	—	—	—	—	—	—	—	—	17,825
Per Diem	3,000	—	—	—	—	—	—	—	—	—	3,000
Cab	572	—	—	—	—	—	—	—	—	—	572
Parking	1,346	—	—	—	—	—	—	—	—	—	1,346
Web Page	—	—	—	23,325	—	—	—	—	—	—	23,325
Total Expenses	\$ 152,402	\$ 18,003	\$ 108,865	\$ 57,435	\$ 89,612	\$ —	\$ —	\$ 252,414	\$ 385,066	\$ 301,992	\$ 1,365,789

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

	Board Activities	Audit Oversight Committee	General & Administrative	Communication & Technology	Curriculum Provider Committee	Budget & Finance Committee	Executive Committee	Governmental Relations Committee	Public Awareness Committee	Tax Preparer Committee	Total Expenses
Accounting	\$ —	\$ 14,500	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14,500
Advertising & Promotion	—	—	—	—	—	—	—	—	305,159	—	305,159
Audit Review	—	—	—	—	5,599	—	—	—	—	—	5,599
Bank Service Charges	—	—	250	—	—	—	—	—	—	—	250
Credit Card Fees	—	—	—	—	—	—	—	—	—	60,131	60,131
Depreciation	—	—	—	—	4,233	—	—	—	8,464	8,464	21,161
Enforcement	—	—	—	—	—	—	—	224,301	—	—	224,301
Fees & Licenses	—	—	150	—	—	—	—	—	—	—	150
Insurance	—	—	2,807	—	—	—	—	—	—	—	2,807
Legal	—	—	12,127	—	—	—	—	—	—	—	12,127
Management Fee	82,350	—	82,350	27,450	27,450	—	—	82,350	27,450	219,600	549,000
Meetings & Conferences	21,251	—	—	—	1,791	—	—	905	—	—	23,947
Miscellaneous	—	—	10	—	—	—	—	—	—	—	10
Outside Consultants	—	—	—	6,164	51,048	—	—	—	—	—	57,212
Postage	—	—	535	—	—	—	—	—	15,865	10,953	27,353
Printing	—	4,834	2,575	—	—	—	—	—	17,394	12,853	37,656
Telephone & Fax	—	—	—	—	—	—	—	—	1,325	—	1,325
Travel	—	—	—	—	—	—	—	3,466	2,453	—	5,919
Mileage	3,959	—	—	—	—	—	—	—	—	—	3,959
Airfare	2,533	—	—	—	—	—	—	—	—	—	2,533
Hotel	12,097	—	—	—	—	—	—	—	—	—	12,097
Per Diem	2,700	—	—	—	—	—	—	—	—	—	2,700
Cab	422	—	—	—	—	—	—	—	—	—	422
Parking	668	—	—	—	—	—	—	—	—	—	668
Web Page	—	—	—	18,526	—	—	—	—	—	—	18,526
Total Expenses	\$ 125,980	\$ 19,334	\$ 100,804	\$ 52,140	\$ 90,121	\$ —	\$ —	\$ 311,022	\$ 378,110	\$ 312,001	\$ 1,389,512

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Cash Flows from Operating Activities:</u>		
Increase in Net Assets	\$ 353,693	\$ 361,329
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	21,123	21,161
Increase (Decrease) in accounts payable	<u>40,261</u>	<u>(9,763)</u>
 Net Cash Provided by Operating Activities	 <u>\$ 415,077</u>	 <u>\$ 372,727</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of computer equipment	\$	(\$ 5,824)
Proceeds from the redemption of certificates of deposits	650,000	400,000
Purchase of certificates of deposits	<u>(1,200,000)</u>	<u>(650,000)</u>
 Net Cash Used by Investing Activities	 <u>(\$ 550,000)</u>	 <u>(\$ 255,824)</u>
 Net (Decrease) Increase in Cash and Cash Equivalents	 <u>(\$ 134,923)</u>	 <u>\$ 116,903</u>
 Cash and Cash Equivalents, Beginning of Year	 <u>\$ 314,560</u>	 <u>\$ 197,657</u>
 Cash and Cash Equivalents, End of Year	 <u><u>\$ 179,637</u></u>	 <u><u>\$ 314,560</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:

Principles of Accounting and Nature of Operations - The accompanying financial statements reflect the operations for the California Tax Education Council (CTEC), which was incorporated on January 14, 1997, and commenced active operations on July 1, 1997. CTEC is a public benefit corporation and use or distribution of its assets is subject to certain restrictions.

The State of California requires that all persons in California who prepare taxes for a fee meet certain education requirements and register annually, with exception to IRS Circular 230 tax preparers. CTEC collects registration fees, verifies that tax preparers have met the education and bond requirements, issues certificates, and approves education providers. CTEC registered 39,306 and 39,965 tax preparers in 2017 and 2016, respectively.

Basis of Accounting - The financial statements have been prepared in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions according to three classes of net assets as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization had no temporarily restricted net assets at June 30, 2017 or 2016.

Permanently Restricted Net Assets - This component of net assets consists of stipulations that certain assets are to be maintained permanently by the recipient. Generally, the donors of these assets permit the recipient to use all or part of the income earned on any related investments for general or specific purposes. The Organization did not have permanently restricted net assets at June 30, 2017 or 2016.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued):

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Investments - Investments, composed of certificates of deposit, are valued at fair value. Interest earned is reported as revenue. Although all of the investments are managed through Wells Fargo Bank, who purchases, reinvests and redeems the certificates on behalf of CTEC, the individual certificates of deposits are held with various banking institutions and no single certificate exceeds the federally insured balance at any one banking institution. There is, therefore, no concentration of credit risk present.

Cash and Cash Equivalents - Cash and cash equivalents include demand deposits and money market accounts.

Equipment - All equipment is recorded at historical cost if purchased or constructed. Donated assets are valued at estimated fair value on the date received. CTEC capitalizes equipment with a cost of over \$500 and an estimated life of one year or more. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the statement of financial position in the year of sale or retirement, and the resulting gain or loss is recognized on the statement of activities and changes in net assets.

Depreciation is provided on the straight-line method over the estimated useful lives of assets as follows.

<u>Description</u>	<u>Estimated Useful Life</u>
Computer Equipment	5 Years
Software Development	7 Years

Revenue Recognition - Revenue is recognized when the required fee is received by CTEC.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued):

Advertising and Promotion Costs - CTEC expenses advertising costs the first time the advertising occurs on a contract spanning less than a year in length. CTEC uses advertising to assure that the public is informed of the requirements for unlicensed tax preparers practicing in California to be registered. Advertising and promotion costs for the years ended June 30, 2017 and 2016 was \$329,781 and \$305,159, respectively. For the years ended June 30, 2017 and 2016, \$75,000 and \$72,000, respectively, was related to the hiring of an outside public relations firm. These amounts are included in advertising and promotion costs.

Enforcement - CTEC contracts with the State of California, Franchise Tax Board (FTB) for reimbursement of expenses incurred by the FTB's Fraud and Discovery Section while educating and enforcing the provisions of the Business and Professions Code Section 22250-22259 relating to the registration of tax preparers and California Revenue and Taxation Code 19167 (d) and (e).

For the years ended June 30, 2017 and 2016 CTEC budgeted enforcement expenses at \$260,000. Actual expenditures for the years ended June 30, 2017 and 2016 were \$164,602 and \$224,301, respectively.

Income Taxes - CTEC is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. Section 501 (c)(3) of the code provides for the exemption of organizations that organize and operated exclusively for religious, charitable, scientific, literary or education purposes and whose net earnings do not inure to the benefit of any private shareholder or individual. The State of California recognizes this exemption.

CTEC applies the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements.

Reclassifications - Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 financial statement presentation.

Subsequent Events Review - Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 2 CASH AND CONCENTRATIONS OF CREDIT RISK:

CTEC considers short-term highly liquid investments to be cash equivalents provided that they are both readily convertible to cash and had an original maturity of three months or less when purchased.

The Organization maintains a cash balance at Wells Fargo Banks. Accounts at the bank are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2017, no cash exceeded federally insured limits.

The balance in cash and cash equivalents held by Wells Fargo at June 30 include:

	<u>2017</u>	<u>2016</u>
Bank accounts	\$ 140,386	\$ 28,514
Money market funds	<u>39,251</u>	<u>286,046</u>
Total Cash and Cash Equivalents	<u>\$ 179,637</u>	<u>\$ 314,560</u>

NOTE 3 CERTIFICATES OF DEPOSITS:

CTEC's certificates of deposit mature as follows for the year ended of June 30, 2017:

<u>Institution</u>	<u>Maturity Date</u>	<u>Amount</u>
First Financial Bank	July 16, 2017	\$ 250,000
Bank of Baroda	August 23, 2017	250,000
Safra National Bank	February 1, 2018	250,000
Bank of India NY	February 7, 2018	250,000
Goldman Sachs Bank USA	March 28, 2018	<u>200,000</u>
		<u>\$ 1,200,000</u>

CTEC's certificates of deposit mature as follows for the year ended of June 30, 2016:

<u>Institution</u>	<u>Maturity Date</u>	<u>Amount</u>
Bank of Baroda	August 23, 2016	\$ 250,000
Santander Bank CD	February 21, 2017	200,000
Worlds Foremost Bank	May 19, 2017	<u>200,000</u>
		<u>\$ 650,000</u>

NOTE 3 CERTIFICATES OF DEPOSITS (Continued):

At June 30, 2017 and 2016, certificates of deposit included \$1,200,000 and \$650,000, respectively, which are insured by the Federal Deposit Insurance Corporation.

NOTE 4 EQUIPMENT:

Equipment as of June 30, 2017 was as follows:

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Computer Equipment	\$ 22,905	\$	\$	\$ 22,905
Software	<u>147,874</u>	<u></u>	<u></u>	<u>147,874</u>
Total Equipment	\$ 170,779	\$	\$	\$ 170,779
Less: Accumulated Depreciation	(<u>106,404</u>)	(<u>21,123</u>)	<u></u>	(<u>127,527</u>)
Equipment, net	<u>\$ 64,375</u>	<u>(\$ 21,123)</u>	<u>\$</u>	<u>\$ 43,252</u>

Depreciation expense for the year ended June 30, 2017 was \$21,123.

Software development cost are related to CTEC's internally developed software and are recorded at cost and depreciated over a 7 year period.

Equipment as of June 30, 2016 was as follows:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
Computer Equipment	\$ 22,905	\$	\$	\$ 22,905
Software	<u>142,050</u>	<u>5,824</u>	<u></u>	<u>147,874</u>
Total Equipment	\$ 164,955	\$ 5,824	\$	\$ 170,779
Less: Accumulated Depreciation	(<u>85,243</u>)	(<u>21,161</u>)	<u></u>	(<u>106,404</u>)
Equipment, net	<u>\$ 79,712</u>	<u>(\$ 15,337)</u>	<u>\$</u>	<u>\$ 64,375</u>

Depreciation expense for the year ended June 30, 2016 was \$21,161.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 5 MANAGEMENT COMPANY:

Advocation Strategies Inc. (Management Company) provides management services for CTEC. CTEC pays the Management Company a flat monthly fee under the current contract of \$45,750. CTEC's current contract with the Management Company expires June 30, 2017. CTEC paid the Management Company \$549,000 for each of the years ended June 30, 2017 and 2016.

The Management Company's fee covers all their employee related costs. CTEC has no employees.

NOTE 6 CONTINGENCIES:

CTEC was created by the California State Legislature and was reauthorized pursuant to California Business and Professions Code Sections 22250 during 2014. This legislation remains in effect until January 1, 2019. Unless new legislation is enacted before January 1, 2019 to extend this date, this statute will be repealed.

NOTE 7 FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SUPPLEMENTAL INFORMATION

California Tax Education Council
Statement Of Activities And Changes in Net Assets
Budget To Actual
For The Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over Budget</u> <u>(Under Budget)</u>
REVENUE			
Registration Fees	\$ 1,334,000	\$ 1,297,365	(\$ 36,635)
Late Registration	363,500	381,315	17,815
Certificates	7,500	7,050	(450)
Provider Fees	31,000	28,050	(2,950)
Mailing List	3,500	2,000	(1,500)
Other Income	450	340	(110)
Interest	<u>1,400</u>	<u>3,362</u>	<u>1,962</u>
 TOTAL REVENUES	 <u>\$ 1,741,350</u>	 <u>\$ 1,719,482</u>	 <u>(\$ 21,868)</u>
 EXPENSES			
Board Activities	\$ 148,850	\$ 152,402	\$ 3,552
Audit Oversight Committee	22,500	18,003	(4,497)
General and Administrative	105,750	108,865	3,115
Communication and Technology	58,850	57,435	(1,415)
Curriculum Provider Committee	172,450	89,612	(82,838)
Budget and Finance Committee	250	(250)	(250)
Executive Committee	500	(500)	(500)
Governmental Relations Committee	349,850	252,414	(97,436)
Public Awareness Committee	391,200	385,066	(6,134)
Tax Preparer Committee	<u>318,850</u>	<u>301,992</u>	<u>(16,858)</u>
 TOTAL EXPENSES	 <u>\$ 1,569,050</u>	 <u>\$ 1,365,789</u>	 <u>(\$ 203,261)</u>
 INCREASE IN NET ASSETS	 <u>\$ 172,300</u>	 <u>\$ 353,693</u>	 <u>\$ 181,393</u>
 NET ASSETS BEGINNING OF YEAR	 <u>1,209,839</u>	 <u>961,577</u>	
 NET ASSETS END OF YEAR	 <u>\$ 1,382,139</u>	 <u>\$ 1,315,270</u>	

SUPPLEMENTAL INFORMATION (CONTINUED)

California Tax Education Council
Statement Of Activities And Changes in Net Assets
Budget To Actual
For The Year Ended June 30, 2016

	Budget	Actual	Variance Over Budget (Under Budget)
REVENUE			
Registration Fees	\$ 1,341,000	\$ 1,327,722	(\$ 13,278)
Late Registration	342,500	384,758	42,258
Certificates	7,500	7,528	28
Provider Fees	26,500	24,800	(1,700)
Mailing List	2,000	3,250	1,250
Other Income	250	309	59
Interest	200	2,474	2,274
	<u>1,719,950</u>	<u>1,750,841</u>	<u>30,891</u>
TOTAL REVENUES	<u>\$ 1,719,950</u>	<u>\$ 1,750,841</u>	<u>\$ 30,891</u>
EXPENSES			
Board Activities	\$ 137,850	\$ 125,980	(\$ 11,870)
Audit Oversight Committee	22,500	19,334	(3,166)
General and Administrative	105,650	100,804	(4,846)
Communication and Technology	57,850	52,140	(5,710)
Curriculum Provider Committee	205,950	90,121	(115,829)
Budget and Finance Committee	250	(250)
Executive Committee	500	(500)
Governmental Relations Committee	350,850	311,022	(39,828)
Public Awareness Committee	379,450	378,110	(1,340)
Tax Preparer Committee	371,850	312,001	(59,849)
	<u>1,632,700</u>	<u>1,389,512</u>	<u>(243,188)</u>
TOTAL EXPENSES	<u>\$ 1,632,700</u>	<u>\$ 1,389,512</u>	<u>\$ 243,188</u>
INCREASE IN NET ASSETS	\$ 87,250	\$ 361,329	<u>274,079</u>
NET ASSETS BEGINNING OF YEAR	<u>600,248</u>	<u>600,248</u>	
NET ASSETS END OF YEAR	<u>\$ 687,498</u>	<u>\$ 961,577</u>	