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 forprofit 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



Our Mission Statement:

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

The California Tax Education Council (CTEC) will reach an important milestone in 2017. The so called "grand experiment" of California will celebrate its 20th anniversary.

Throughout its 20 years, the CTEC Board of Directors has remained focused on our Mission Statement with particular emphasis on the last phrase "...for the benefit of California taxpayers." In our discussions, we repeatedly ask ourselves, how will our policies protect the California taxpayer?

We want to ensure that CTEC approved education providers are providing quality education designed to expand the understanding of tax laws. With that in mind, we have greatly expanded our review of education programs sold to CTEC Registered Tax Preparers.

CTEC continues to register between 35,000 to 40,000 tax preparers each year. Our partnership with the Franchise Tax Board (FTB) over the past 12 years has helped the number of unregistered tax preparers drop from an estimated 10,000 to 3,000 statewide. FTB now has a strong understanding of who the unregistered tax preparers are and where they do business.

Given those results, the Council believes it is time to take enforcement to the next level and start targeting those we do not know about. Specifically, we will be looking for the "ghost" tax preparers who do not sign client tax returns as required by law.

For the 2017 public awareness campaign, CTEC will aggressively pursue ghost tax preparers and encourage taxpayers to report them to CTEC. No one, not even the Internal Revenue Service, has a grasp on how many there are. Ghost tax preparers are an issue CTEC and FTB will attempt to identify for the first time in California. We believe that we are now able to obtain real numbers that will lead to clear results.

Of course, none of this could have been accomplished without the support of California State Legislators, our volunteer board members, CTEC administrative staff and the due diligence of CRTPs who, as a majority, continue to comply with the strict standards of California.

It has been an honor to serve as Council Chair for the past two years.

Margaret Dunn, Chair

Enrolled agents (EAs) are licensed by US Dept. of Treasury (IRS). Attorneys and CPAs are licensed by individual states. EAs, attorneys, and CPAs are exempt from CTEC registration requirements.



2015 - 2016 COUNCIL MEMBERS



MARGARET "MARGY" DUNN Chair Appointed by: National Association of Enrolled Agents



AARON GRAY Treasurer CTEC Registered Tax Preparer Long Beach, CA



ANN SPRINGBORN Secretary Appointed by: National Association of Tax Professionals



JOHN BISHOP CTEC Registered Tax Preparer Oakland, CA



BRANDON CHANLEY Appointed by: Jackson Hewitt Tax Service



C. LESTER CRAWFORD CTEC Registered Tax Preparer Los Angeles, CA



KAREN DE VANEY Appointed by: California Society of Tax Consultants, Inc.





MARYBETH LAMUNYON-JONES CTEC Registered Tax Preparer Hanford, CA 2002 – 2015



SUSIE L. DIMAGGIO Appointed by: California Society of Enrolled Agents

PAUL LATTER

Appointed by: H & R

Block Tax Services, Inc.



RUTH GODFREY Appointed by: National Society of Accountants



SUSAN MCMILLEN CTEC Registered Tax Preparer Palm Desert, CA

2015 - 2016 COUNCIL MEMBERS



HEATHER SMITH Appointed by: Liberty Tax Service 2012 – 2016



KATTE TAE CTEC Registered Tax Preparer Gardena, CA

2015 - 2016 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

2015 - 2016 CTEC ADMINISTRATIVE STAFF



TABITHA BOLKISH



CELESTE H. HERITAGE

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, 2016, CTEC
has registered 39,965 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

CALIFORNIA TAX EDUCATION COUNCIL (CTEC) REGISTERED TAX PREPARERS BY COUNTY

On June 30, 2016, there were 39,965 CRTP's



HISTORY OF CTEC

When the California Tax Education Council (CTEC) took effect in 1997, the California State Legislature provided specific duties for the council to perform: Set tax education standards, approve education

providers who meet those standards and oversee the registration of nonexempt tax preparers as a protection to California taxpayers.

CTEC HISTORIC TIMELINE:

1996	1996 — Governor signs bill in a "grand experiment" to privatize its government- run tax preparer program. The test? To help the state save money and ensure better efficiency by turning the program over to the tax preparer industry.
1997	1997 — CTEC officially takes over the program from the Department of Consumer Affairs. The records given to CTEC? A shoebox with one disk inside
1998	containing an outdated list of registered tax preparers. CTEC did not –nor has it ever received— any funding from the state.
1999	1997 — CTEC reduces the tax preparer registration fee from \$40 to \$25 and cuts the total annual budget in half.
2000	1997 — CTEC creates the most comprehensive standards for tax schools California has ever had.
2001	1997 — CTEC establishes the most qualified team of curriculum reviewers for tax schools California has ever experienced.
2002	1999 — CTEC establishes the acronym (CRTP) so registered tax preparers can be easily identified.
2003	2001 — CTEC creates an online registration system so CRTPs can renew their registration more efficiently.
2004	2002 — California Senate Bill 136 takes effect to reauthorize and extend the CTEC program for at least seven years. The bill passed after the California State Legislature reviewed CTEC's performance. An additional bill, SB 724, also takes
2005	effect to give CTEC the sole authority to approve providers of tax education.
2006	2005 — CTEC establishes an online reporting system for education providers to help enhance efficiency and accuracy.
2007	2005 — California Senate Bill 1543 takes effect to give the California Franchise Tax Board (FTB) authority to pursue and penalize unregistered tax preparers. CTEC agrees to reimburse the state for its enforcement expenses and that all penalties collected by FTB be deposited into the state's general fund.
2008	2006 — FTB estimates number of unregistered preparers drops from 10,000 to less
2009	than 5,000 statewide.
2010	2007 — CTEC registers more than 40,000 tax preparers statewide, a historic number of registrants.
2011	2008 — California Senate Bill 797 takes effect to better define who qualifies as "assisting with" tax preparers.
2012	2008 — CTEC is up for its performance review by the California State Legislature. Based on CTEC's performance to date, the State Legislature decides to postpone the review to 2014.
2013	2009 — CTEC testifies before the IRS on how California has managed the registration of tax preparers.
2014	2010 — IRS announces its plan to regulate tax preparers on a federal level. The plan mirrors what California requires of its tax preparers.
	2012 — California Senate Bill 944 takes effect to conform CTEC federal continuing education requirements to the IRS' so CRTPs are not forced to complete "double" education requirements.
	2014 —California Senate Bill 484 takes effect to give CTEC the legislative authority to deny, suspend or revoke registrations from its tax preparers.
	2014—CTEC passes its second Sunset Review. California Senate Bill 1243 takes effect, which allows the CTEC program to continue for six more years before another Sunset Review is required.

ENFORCEMENT PURSUES MORE PENALTIES

The Franchise Tax Board (FTB) Tax Preparer Enforcement Team made 1,586 contacts to tax preparers statewide during the 2016 tax season. Penalties were issued to 302 tax preparers who failed to come into compliance.

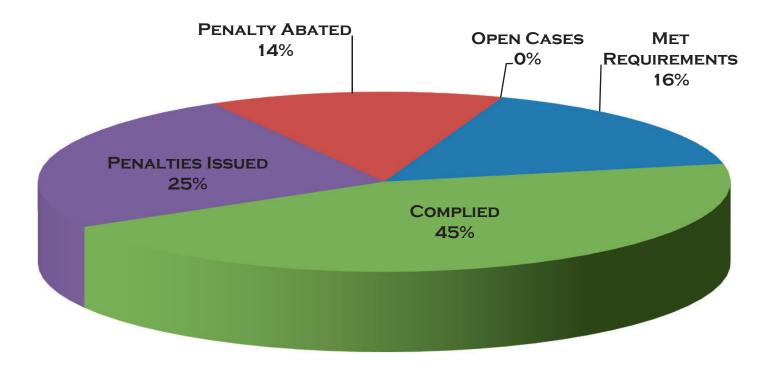
Unregistered tax preparers who are caught preparing, or assisting with preparing, tax returns for a fee are issued a \$2,500 penalty letter from FTB. They have 90 days to register with CTEC before the penalty is enforced.

If a tax preparer does not comply, the \$2,500 penalty is assessed. If a 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 agree to stop preparing tax returns for a fee.

CTEC pays for the entire enforcement program. All penalties collected by FTB are deposited into the state's general fund.

Only attorneys, certified public accountants (CPAs) or enrolled agents are exempt from CTEC registration.

2015/2016 CONTACT RESULTS



■ Met Requirements ■ Complied ■ Penalties Issued ■ Penalties Abated ■ Open Cases

CTEC LAUNCHES NEW PUBLIC AWARENESS TACTIC

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Thanks to a mix of traditional media, social media, Internet news sources, and visual marketing efforts, California taxpayers are getting the message— **KNOW YOUR TAX PREPARER**.

OUTREACH EFFORTS

For the 2015/2016 public awareness campaign, CTEC sent press releases to editors, reporters and producers statewide. CTEC secured a total of 44 media and blog reports.

CTEC is also partnering with Covered California to help educate registered tax preparers about the Affordable Care Act, as well as spread the message to Californians on how to choose a tax preparer.

STRATEGIES AND RESULTS

CTEC took an entirely different approach for the 2016 public awareness campaign. Most of the efforts focused on promoting a new microsite called KnowYourTaxPreparer.org.

The goal of the campaign was to...

- Strategically target California taxpayers who are considered at high risk for choosing an unregistered tax preparer.
- Make the message more shareable through social media.
- Establish an easier method for taxpayers to find a California approved tax preparer.

The microsite is also available in Spanish and Mandarin.

Through the microsite, CTEC can better track the percentage of taxpayers who took action after seeing a CTEC advertisement, social media posts or media reports.

In addition to the microsite, the campaign spread the message through other visuals that are more conducive to channels like Facebook, Twitter and You Tube. CTEC launched two new animated You Tube videos and three infographics to help illustrate the message to California taxpayers.

Based on the campaign results, of the taxpayers who visited the microsite between January through April, approximately...

- 30% of visits were a result of CTEC billboards in Los Angeles and San Diego.
- 51% of visitors clicked on a CTEC Internet advertisement.
- 3% of visits were from a social media post.
- 16% of visits came from other outside sources, such as referrals, organic search results or media reports.

CTEC videos received more than 19,000 total views on You Tube, plus more than 20,000 views on Facebook and Twitter.

CTEC LAUNCHES NEW PUBLIC AWARENESS TACTIC

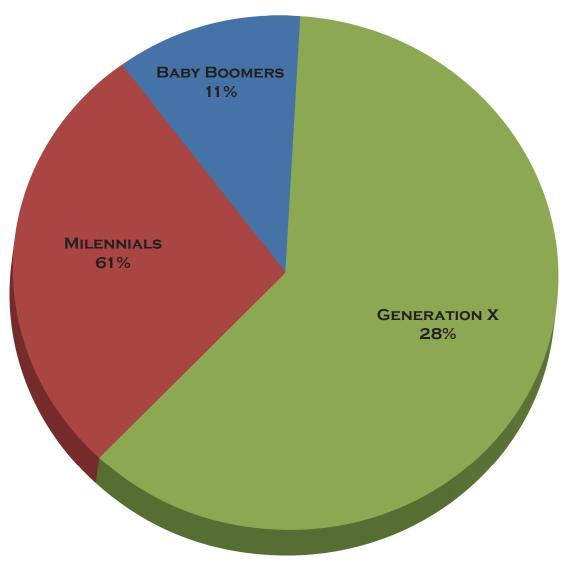
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PAID ADVERTISING

The 2015/2016 paid advertising campaign focused on outdoor advertisements, print advertisements, social media (Facebook, Twitter and You Tube) and Internet advertisements.

Billboards were displayed in Los Angeles and San Diego. CTEC advertisements were also printed in the Los Angeles World Journal to reach the Chinese Community.

The decision to advertise in those markets was based on enforcement reports from the Franchise Tax Board.



MICROSITE VISITORS

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 a more creative leap in design, is focused on one message concept and has a different website address from the main website.

SCHOOLS APPROVED FOR CONTINUING EDUCATION (20 HOURS) $\sim \alpha \alpha$

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

AARDVARK TAX ONLINE

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

AROUND THE BLOCK TAX BESTAX & INSURANCE **SERVICES**

609 N. Lemon Street #5 Ontario, CA 91764 (909) 270-6471 (909) 984-4006 (Fax) aroundtheblocktaxservice.com Instructional Method: C, S CTEC Provider #: 3094

CA CPA EDUCATION FOUNDATION

1800 Gateway Drive, Suite 200 San Mateo, CA 94404 (800) 922-5272 (650) 802-6224 (Fax) www.calcpa.org Instructional Method: C, S CTEC Provider #: 2099

CALIFORNIA TAX INSTITUTE

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

COLLEGE OF SAN MATEO CPE LINK AND SKYLINE COLLEGE

1700 W. Hillsdale Blvd. San Mateo, CA 94402 (650) 574-6663 www.collegeofsanmateo.edu Instructional Method: C CTEC Provider #: 3025

1040 AND MORE CONTINUING **EDUCATION** 2669 NE Twin Knolls Suite 106 Bend, OR 97701 (650) 843-9829 (541) 617-9537 (Fax) www.taxcoursesonline.com Instructional Method: S CTEC Provider #: 6203

ACCOUNTANT'S **EDUCATION SVS.**

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

SERVICE

24905 Sunnymead Blvd. Ste. E Moreno Valley, CA 92553 (951) 247-1004 (951) 247-3578 (Fax) Instructional Method: C CTEC Provider #: 6206

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

CHAFFEY COLLEGE

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

3IS TAX SERVICES

25600 Rye Canyon Rd, Ste 209 Santa Clarita, CA 91355 (855) 620-7988 (818) 742-6248 (Fax) www.3isschool.com Instructional Method: C, S CTEC Provider #: 6239

APLUSCPE A SERVICE OF WEBCE

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

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

CAL TAX SCHOOL

P. O. Box 892033 Temecula, CA 92589 (877) 778-1753 (951) 639-6045 (Fax) www.caltaxschool.org Instructional Method: C, S CTEC Provider #: 3055

CHECKPOINT LEARNING

P.O. BOX 115008 Carrollton, TX 75011-5088 (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 #: 2084

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

ARCOIRIS INCOME TAX INC.

1920 N Tustin Street ORANGE, CA 92865 (714) 998-3568 (714) 429-2020 (Fax) Instructional Method: C CTEC Provider #: 6232

CA CHAPTER-NAT'L ASSN **OF TAX PROFESSIONALS**

1400 Easton Drive. Suite 150 Bakersfield, CA 93309 (661) 327-4814 (661) 327-2626 (Fax) Instructional Method: C CTEC Provider #: 2014

CALIFORNIA SOCIETY OF TAX CONSULTANTS INC.

12419 Lewis Street Ste. #106 Garden Grove, CA 92840 (714) 750-2782 (714) 750-2722 (Fax) www.cstcsociety.org Instructional Method: C, S CTEC Provider #: 1000

CLIENTWHYS INC.

19200 Von Karman, Suite 600 Irvine, CA 92612 (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

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

SCHOOLS APPROVED FOR CONTINUING EDUCATION (20 HOURS)

FAST FORWARD ACADEMY

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

GEAR UP

P.O. BOX 115008 Carrollton, TX 75011-5088 (800) 431-9025 www.checkpointlearning.com/ gearup Instructional Method: C, S CTEC Provider #: 1013

HERAS INCOME TAX SCHOOL.

3966 W. 6TH STREET Los Angeles, CA 90020 (877) 300-6837 www.herasincometaxschool.com Instructional Method: C. S CTEC Provider #: 2086

IRS TEC

290 N. D Street San Bernardino, CA 92401 (909) 388-8234 (909) 388-8203 (Fax) www.irs.gov/taxpros Instructional Method: C CTEC Provider #: 1060

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

MBS TAX & ACCOUNTING MIRA COSTA COLLEGE

P.O. BOX 34720 Los Angeles, CA 90034 (213) 483-5520 (213) 483-3259 (Fax) www.mbstaxandaccounting.com Instructional Method: C CTEC Provider #: 6212

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

GLOBAL CPE NETWORK.

1208 B Bell Shoals Rd

(813) 343-8701 (Fax)

Instructional Method: C, S

OF PROFESSIONAL

SERVICES (H.A.P.S)

Chula Vista, CA 91911

(619) 330-4806 (Fax)

Instructional Method: C

JACKSON HEWITT TAX

501 N. Cattlemen Road, Suite

CTEC Provider #: 6237

Sarasota, FL 34232

www.jacksonhewitt.com

Instructional Method: C, S

LIBERTY TAX SERVICE

1716 Corporate Landing

Virginia Beach, VA 23454

(800) 880-6432 (Fax)

www.libertytax.com

Instructional Method: C

CTEC Provider #: 2097

BUSINESS DEPT.

Business Dept. 1 Barnard Drive

Oceanside, CA 92056-3899

(760) 757-2121 Ext. 6488

(760) 795-6770 (Fax) www.miracosta.edu/instruction

Instructional Method: C. S

CTEC Provider #: 1074

CTEC Provider #: 1009

(757) 427-0755

1152 3rd Avenue

(619) 300-1249

www.haps-ca.org

SERVICES

300

Parkway

(757) 493-8855

HISPANIC ASSOCIATION

Brandon, FL 33511

www.globalcpe.com

CTEC Provider #: 6233

(813) 917-6246

LLC

FRANCHISE TAX BOARD PO BOX 1468

Sacramento, CA (916) 845-0353 (916) 845-5340 (Fax) Instructional Method: C CTEC Provider #: 3020

GOLDEN STATE TAX TRAINING INSTITUTE INC. SERVICES INC

PO BOX 930 Prospect Heights, IL 60070 (877) 674-9290 (877) 674-9290 (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

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, S CTEC Provider #: 3048

NATIONAL ASSOCIATION **OF TAX PROFESSIONALS** (NATP)

P. O. BOX 8002 Appleton, WI 54912-8002 (920) 968-7171 (920) 968-7471 (Fax) www.natptax.com Instructional Method: C, S CTEC Provider #: 1067

FULLER TAX PREPARER TRAINING, LLC P.O. BOX 254 Farmington, UT 84025

(801) 872-3518 www.fullered.com Instructional Method: S CTEC Provider #: 6227

H & R BLOCK TAX

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

IRS Stakeholder Partnerships, Education and Communication

401 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 (800) 845-8569 (727) 507-8380 (Fax) www.LAMBERS.com Instructional Method: S CTEC Provider #: 6231

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

NATIONAL CENTER FOR PROFESSIONAL EDUCATION, INC. (NCPE)

P.O. BOX 560 ZACHARY, LA 70791 (800) 682-2163 (225) 654-800 (Fax) www.NCPESEMINARS.com Instructional Method: C CTEC Provider #: 6226

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SCHOOLS APPROVED FOR CONTINUING EDUCATION (20 HOURS)

NATIONAL POLYTECHNIC NATIONAL SOCIETY OF COLLEGE INC.

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

NBI INC.

PO BOX 3067 Eau Claire, WI 54702 (715) 835-8525 (715) 835-1405 (Fax) www.nbi-sems.com Instructional Method: C CTEC Provider #: 3001

RIVERSIDE TAX CONSULTANTS ASSOCIATION

P.O. BOX 5546 Riverside, CA 92517 (909) 827-9664 (909) 783-3225 (Fax) www.rtcaweb.org Instructional Method: C CTEC Provider #: 2036

STATE OF CALIFORNIA **BOARD OF EQUALIZATION**

450 N. Street Room 1902 Sacramento, CA (916) 445-4081 (916) 324-2087 (Fax) Instructional Method: C CTEC Provider #: 3069

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

THE INCOME TAX SCHOOL.

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

PUBLIC ACCOUNTANTS

1010 N. Fairfax Street Alexandria, VA 22314 (800) 966-6679 (703) 549-2512 (Fax) www.nsacct.org Instructional Method: S CTEC Provider #: 2094

PLATINUM

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

SANTA ANA COLLEGE

1530 W. 17th Street Santa Ana, CA 92706 (714) 564-6762 (714) 564-6133 (Fax) rsccd.blackboard.com Instructional Method: C, S CTEC Provider #: 2019

SUPER LAB TAX AND

ACCOUNTING FIRM 753 San Simeon Street Sunnyvale, CA 94085 (408) 738-8382 (408) 738-8382 (Fax) www.super-tax.com Instructional Method: C, S CTEC Provider #: 3061

TAX MATERIALS INC.

15105 Minnetonka Ind. Rd. Ste. 221 Minnetonka, MN 55345 (952) 746-5276 Ext. 104 (952) 746-5278 (Fax) www.thetaxbook.com Instructional Method: S CTEC Provider #: 6193

THE TAX INSTITUTE

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

NATIONAL SOCIETY OF TAX PROFESSIONALS

11700 NE 95TH Street, Suite 100 Vancouver, WA 98682 (360) 695-8309 (360) 695-7115 (Fax) www.nstp.org Instructional Method: C, S CTEC Provider #: 2001

PRONTO INCOME TAX OF CALIFORNIA INC.

4501 S. Centinela, Ave. Los Angeles, CA 90066 (310) 577-7530 (310) 823-3529 (Fax) www.renewctec.com Instructional Method: C, S CTEC Provider #: 6201

SOUTHERN CALIFORNIA

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

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

TAXRESOURCES INC.

7803 Madison Avenue Ste. A-100 Citrus Heights, CA 95610 (800) 398-9695 (916) 966-5417 (Fax) www.taxaudit.com Instructional Method: C, S CTEC Provider #: 3027

THE TAX SCHOOL

P.O. BOX 525 Newark, CA 94560 (510) 796-1188 (510) 796-1711 (Fax) www.thetaxschool.com Instructional Method: S CTEC Provider #: 1003

NATIONAL TAX TRAINING **SCHOOL**

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

REFUNDS TODAY

10430 Pioneer Blvd. Ste. 2 Santa Fe Springs, CA 90670 (323) 261-0240 (323) 261-4224 (Fax) www.refundstoday.com Instructional Method: C CTEC Provider #: 3044

SPIDELL PUBLISHING

1134 N. Gilbert St. Anaheim, CA 92801 (714) 776-7850 (714) 776-9906 (Fax) www.caltax.com Instructional Method: C, S CTEC Provider #: 1019

TAX EASE LLC

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

TAX TALK TODAY

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

THE TAX UNIVERSITY

935 2nd Street SE Suite B Charlottesville, VA 22902 (434) 566-0875 (434) 220-4706 (Fax) www.onlinetaxuniversity.com Instructional Method: C, S CTEC Provider #: 6219

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

4025 W. Peterson Ave. CHICAGO, IL 60646 (773) 866-3643 (773) 866-3084 (Fax) <u>http://www.cchgroup.com</u> 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

BESTAX & INSURANCE SERVICE

24905 Sunnymead Blvd. Ste. E Moreno Valley, CA 92553 (951) 247-1004 (951) 247-3578 (Fax) Instructional Method: C CTEC Provider #: 6206

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

COMMUNITY 1ST TAX SOLUTIONS

7867 S. Western Avenue Los Angeles, CA 90047 (323) 752-1040 Instructional Method: C, S CTEC Provider #: 6246

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

IRVINE VALLEY COLLEGE DEPT OF BUSINESS SCIENCES

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

3IS TAX SERVICES 25600 Rye Canyon Rd, Ste 209 Santa Clarita, CA 91355 (855) 620-7988 (818) 742-6248 (Fax) www.3isschool.com Instructional Method: C, S CTEC Provider #: 6239

CA SOCIETY OF

3200 Ramos Circle

(916) 366-6674 (Fax)

Instructional Method: C

CTEC Provider #: 1001

5885 Haven Ave.

(909) 652-6846

www.chaffey.edu

CHAFFEY COLLEGE

(909) 652-6825 (Fax)

Instructional Method: C, S

Los Angeles, CA 90043

CTEC Provider #: 2046

COMPRO TAX

(323) 292-5812

PO BOX 930

(877) 674-9290

www.gstti.com

SERVICES

(877) 674-9290 (Fax)

Instructional Method: C, S

3 Sylvan Way 3rd Floor

Parsippany, NJ 7054

(973) 630-0650 (Fax)

www.jacksonhewitt.com

Instructional Method: C, S

CTEC Provider #: 1009

(973) 630-0652

JACKSON HEWITT TAX

CTEC Provider #: 2040

www.comprotax.net

Instructional Method: C

CTEC Provider #: 3013

GOLDEN STATE TAX

Prospect Heights, IL 60070

Rancho Cucamonga, CA 91737

5349 Crenshaw Blvd. Suite 103

(916) 366-6646

www.csea.org

ENROLLED AGENTS

Sacramento, CA 95827-2513

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

CALIFORNIA INCOME TAX LEARNING CENTER

2212 Fenton Parkway #214 San Diego, CA 92108 (888) 230-4233 (818) 705-5930 (Fax) www.caitlc@gmail.com Instructional Method: C CTEC Provider #: 6236

COLLEGE OF SAN MATEO AND SKYLINE COLLEGE

1700 W. Hillsdale Blvd. San Mateo, CA 94402 (650) 574-6663 www.collegeofsanmateo.edu Instructional Method: C CTEC Provider #: 3025

COMPUTAX

PO BOX 7943 RIVERSIDE, CA 92513 (951) 505-3382 (866) 720-3925 (Fax) www.computaxpro.com Instructional Method: C, S CTEC Provider #: 2084

H & R BLOCK TAX TRAINING INSTITUTE INC. SERVICES INC.

7604 Pacific Avenue 2nd Floor Stockton, CA 95207 (209) 956-3765 (916) 218-6261 (Fax) www.hrblock.com Instructional Method: C, S CTEC Provider #: 1040

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 CTEC Provider #: 2080

AROUND THE BLOCK TAX SERVICES

609 N. Lemon Street #5 Ontario, CA 91764 (909) 270-6471 (909) 984-4006 (Fax) aroundtheblocktaxservice.com Instructional Method: C CTEC Provider #: 3094

CALIFORNIA SOCIETY OF TAX CONSULTANTS INC.

12419 Lewis Street Ste. #106 Garden Grove, CA 92840 (714) 750-2782 (714) 750-2722 (Fax) www.cstcsociety.org Instructional Method: C CTEC Provider #: 1000

COLLEGE OF THE DESERT

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

EVERGREEN VALLEY COLLEGE

3095 Yerba Buena Road San Jose, CA 95135 (408) 274-7900 Ext. 6668 www.evc.edu Instructional Method: C CTEC Provider #: 6182

HOANG LE FAST TAX & FINANCIAL PLANNING

98 S. Abel Street Milpitas, CA 95035 (510) 697-9559 www.collegeofsanmateo.edu Instructional Method: C CTEC Provider #: 6242

LIBERTY TAX SERVICE

1716 Corporate Landing Parkway Virginia Beach, VA 23454 (757) 493-8855 (800) 880-6432 (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

NATIONAL POLYTECHNIC COLLEGE

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

PLATINUM PROFESSIONAL STUDIES

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

REFUNDS TODAY

10430 Pioneer Blvd. Ste. 2 Santa Fe Springs, CA 90670 (323) 261-0240 (323) 261-4224 (Fax) www.refundstoday.com Instructional Method: C CTEC Provider #: 3044

SANTA ANA COLLEGE

1530 W. 17th Street Santa Ana, CA 92706 (714) 564-6762 (714) 564-6133 (Fax) <u>rsccd.blackboard.com</u> Instructional Method: C CTEC Provider #: 2019

TAX LEGEND SERVICES

335 East Manchester Blvd. Inglewood, CA 90301 (310) 412-1400 www.taxlegendonline.com Instructional Method: C CTEC Provider #: 6240

MBS TAX & ACCOUNTING

P.O. BOX 34720 Los Angeles, CA 90034 (213) 483-5520 (213) 483-3259 (Fax) www.mbstaxandaccounting.com Instructional Method: C CTEC Provider #: 6212

NATIONAL TAX

TRAINING SCHOOL P.O. BOX 767 Mahwah, NJ 7430 (201) 684-0828 (201) 684-0829 (Fax) <u>www.nattax.com</u> Instructional Method: C CTEC Provider #: 1025

PLOVER FINANCIAL

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

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 MONICA

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

THE TAX INSTITUTE

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

MIRA COSTA COLLEGE BUSINESS DEPT.

Business Dept. 1 Barnard Drive Oceanside, CA 92056-3899 (760) 757-2121 Ext. 6488 (760) 795-6770 (Fax) www.miracosta.edu/instruction/ Instructional Method: C CTEC Provider #: 1074

NORCO COLLEGE

2001 Third Street Norco, CA 928601 (951) 372-7194 (951) 972-7192 (Fax) Instructional Method: C CTEC Provider #: 6228

PRONTO INCOME TAX OF CA INC

208 E. Carson Street #103 Carson, CA 90745 (310) 422-1283 (310) 549-0379 (Fax) www.prontotaxclass.com Instructional Method: C CTEC Provider #: 6201

SAN DIEGO CITY

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

SEAL SERVICES INC.

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

UNIVERSAL ACCOUNTING CENTER

5288 South Commerce Drive Salt Lake City, UT 84107 (801) 265-3777 (801) 265-3798 (Fax) www.universalaccounting.com Instructional Method: C CTEC Provider #: 3060

MKG ENTERPRISES CORP

909 E. Belmont Fresno, CA 93701 (866) 599-4470 (609) 277-8181 (Fax) www.mkgtax.com Instructional Method: C, S CTEC Provider #: 6234

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 (415) 824-2943 (Fax) Instructional Method: C, S CTEC Provider #: 3073

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

THE INCOME TAX SCHOOL

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

YUBA COMMUNITY COLLEGE

2088 N. Beale Road Marysville, CA 95901 (530) 741-6908 (530) 634-7706 (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 statement of financial position as of June 30, 2016, and the related statement of activities and changes in net assets, functional expenses and cash flows for the year 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.

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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, 2016, and the changes in its net assets and its cash flows for the year 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 31-32 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.

Prior Period Financial Statements

The financial statements of California Tax Education Council as of June 30, 2015, were audited by other auditors whose report dated September 29, 2015, expressed an unmodified opinion on those statements.

As part of our audit of the 2016 financial statements, we also audited adjustments described in Note 8 that were applied to restate the 2015 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2015 financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 financial statements as a whole.

Damore, Damie + Schneider De

DAMORE, HAMRIC & SCHNEIDER, INC. Certified Public Accountants

October 31, 2016

STATEMENTS OF FINANCIAL POSITION

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For the years ended June 30, 2016 and 2015

		2016	2015		
ASSETS					
Current Assets Cash and Cash Equivalents (Note 2) Certificates of Deposit (Note 3) Prepaid Expenses	\$	314,560 650,000 942	\$	197,657 400,000 942	
Total Current Assets	<u>\$</u>	965,502	<u>\$</u>	598,599	
Equipment, Net (Note 4)	\$	64,375	\$	79,712	
Total Assets	<u>\$</u>	1,029,877	\$	678,311	
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts Payable	<u>\$</u>	68,300	<u>\$</u>	78,063	
Total Current Liabilities and Total Liabilities	\$	68,300	\$	78,063	
Net Assets Net Assets - Unrestricted	\$	961,577	\$	600,248	
Total Liabilities and Net Assets	\$	1,029,877	\$	678,311	

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the years ended June 30, 2016 and 2015

	 2016	2015		
Revenue:				
Registration Fees	\$ 1,327,722	\$	1,344,247	
Late Registration Fees	384,758		343,145	
Certificates	7,528		7,950	
Provider Fees	24,800		19,950	
Mailing List	3,250		1,750	
Other Income	309		74	
Interest	 2,474		626	
Total Revenues	\$ 1,750,841	\$	1,717,742	
Expenses:				
Board Activities	\$ 125,980	\$	122,048	
Audit Oversight Committee	19,334		17,768	
General and Administrative	100,804		95,064	
Communication and Technology	52,140		56,923	
Curriculum Provider Committee	90,121		150,197	
Budget and Finance Committee				
Executive Committee				
Governmental Relations Committee	311,022		313,182	
Public Awareness Committee	378,110		363,078	
Tax Preparer Committee	 312,001		365,605	
Total Expenses	\$ 1,389,512	<u></u>	1,483,865	
Increase in Net Assets	\$ 361,329	<u>\$</u>	233,877	
Net Assets, Beginning of Fiscal Year				
As Previously Stated	\$ 600,248	\$	373,657	
Prior Period Adjustment (Note 8)		(7,286)	
Net Assets, Beginning of Fiscal Year as Restated	600,248		366,371	
Net Assets, End of Fiscal Year	\$ 961,577	\$	600,248	

STATEMENT OF FUNCTIONAL EXPENSES

	Board Activities	Audit Oversight Committee	General & Admini- strative	Communi- cation & 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	219,6000	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

For the year ended June 30, 2016

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

STATEMENT OF FUNCTIONAL EXPENSES

General & Communi-Curriculum Budget & Public Audit Governmental Board Oversight Adminication & Provider Finance Executive Relations Tax Preparer Total Awareness Technology Activities Committee strative Committee Committee Committee Committee Committee Committee Expenses \$ — \$ 13,000 \$ \$ \$ — \$ \$ \$ \$ \$ \$ 13,000 Accounting Advertising & Promotion 298,999 298,999 ____ _ ____ ____ ____ ____ _ ____ ____ Audit Review 14,620 14,620 ____ ____ ____ ____ ____ _ _ Bank Service 929 929 Charges ____ ____ _ ____ _ Credit Card 95,863 95,863 Fees ____ ____ ____ Depreciation 4,219 8,438 8,438 21,095 Enforcement 227,870 227,870 _ _ Fees & Licenses 170 170 2,607 2,607 Insurance 9,860 9,860 Legal Management 81,000 81,000 27,000 27,000 81,000 27,000 540,000 Fee 216,000 ____ ____ ____ Meetings & Conferences 17,752 3,513 1,199 22,464 ____ _ ____ ____ _ Miscellaneous ____ ____ ____ ____ ____ ____ _ ____ ____ ____ ____ Outside 5,748 100,845 106,593 Consultants ____ ____ 498 25,000 25,498 Postage ____ ____ ____ ____ ____ ____ ____ ____ Printing 4,768 28,641 18,801 52,210 Telephone & Fax 1,503 1,503 Travel 3,113 3,113 _ Mileage 3,934 3,934 _ ____ ____ ____ ____ _ ____ ____ Airfare 2,376 2,376 ____ ____ ____ ____ ____ ____ ____ ____ ____ 12,236 12,236 Hotel _ _ ____ ____ ____ ___ _ Per Diem 3,200 3,200 Cab 582 582 968 968 Parking _ Web Page 24,175 24,175 ____ ____ ____ Total \$ 122,048 \$ 17,768 \$ 95,064 \$ 56,923 \$ 150,197 \$ — \$ Expenses

For the year ended June 30, 2015

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

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2016 and 2015

	2016		2015	
Cash Flows from Operating Activities:				
Increase in Net Assets	\$	361,329	\$	233,877
Adjustments to reconcile change in net assets to net cash				
from operating activities:				
Depreciation		21,161		21,095
Decrease in prepaid expense				46
(Decrease) in accounts payable	(9,763)	(82,035)
Net Cash Provided by Operating Activities	\$	372,727	\$	172,983
Cash Flows from Investing Activities:				
Purchase of computer equipment	(\$	5,824)	\$	
Proceeds from the redemption of certificates of deposits		400,000		
Purchase of certificates of deposits	(650,000)	(400,000)
Net Cash Used by Investing Activities	(<u>\$</u>	255,824)	(<u>\$</u>	400,000)
Net Increase (Decrease) in Cash	<u>\$</u>	116,903	(<u>\$</u>	227,017)
Cash and Equivalents, Beginning of Year	\$	197,657	\$	424,674
Cash and Equivalents, End of Year	\$	314,560	\$	197,657

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the years ended June 30, 2016 and 2015

NOTE 1 <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICES</u>:

<u>Principles of Accounting and Nature of Operations</u> - 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 39,965 and 41,564 tax preparers in 2016 and 2015, respectively.

<u>Basis of Accounting</u> - 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 donorimposed 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, 2016 or 2015.

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, 2016 or 2015.

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the years ended June 30, 2016 and 2015

NOTE 1 <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)</u>:

<u>Use of Estimates</u> - 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.

<u>Investments</u> - 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.

<u>Cash and Cash Equivalents</u> - Cash and cash equivalents include demand deposits and money market accounts.

<u>Equipment</u> - 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.

Description	Estimated Useful Life
Computer Equipment	5 Years
Software Development	7 Years

<u>Revenue Recognition</u> - Revenue is recognized when the required fee is received by CTEC.

For the years ended June 30, 2016 and 2015

NOTE 1 <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)</u>:

<u>Advertising and Promotion Costs</u> - 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, 2016 and 2015 was \$305,159 and \$298,999, respectively. For each of the years ended June 30, 2016 and 2015, \$72,000 was related to the hiring of an outside public relations firm. These amounts are included in advertising and promotion costs.

<u>Enforcement</u> - 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, 2016 and 2015 CTEC budgeted enforcement expenses at \$260,000. Actual expenditures for the years ended June 30, 2016 and 2015 were \$224,301 and \$227,870, respectively.

<u>Income Taxes</u> - 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.

<u>Reclassifications</u> - Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 financial statement presentation.

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

For the years ended June 30, 2016 and 2015

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, 2016, cash exceeded federally insured limits by \$135,147.

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

	2016			2015		
Bank accounts Money market funds	\$	89,174 295,973	\$	73,996 133,713		
Total Cash and Cash Equivalents	\$	385,147	\$	207,709		

NOTE 3 <u>CERTIFICATES OF DEPOSITS</u>:

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

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

CTEC's certificates of deposit mature as follows for the year ended of June 30, 2015:

Institution	Maturity Date	Amount			
Beal Bank	October 7, 2015	\$	250,000		
State Bank India	March 28, 2016		150,000		

\$ 400,000

For the years ended June 30, 2016 and 2015

NOTE 3 <u>CERTIFICATES OF DEPOSITS (Continued)</u>:

At June 30, 2016 and 2015, certificates of deposit included \$650,000 and \$400,000, respectively, which are insured by the Federal Deposit Insurance Corporation.

NOTE 4 <u>EQUIPMENT</u>:

Equipment as of June 30, 2016 was as follows:

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

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

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, 2015 was as follows:

	Jun	e 30, 2014		Additions	Deletions	June	e 30, 2015
Computer Equipment Software	\$	22,905 142,050	\$		\$	\$	22,905 142,050
Total Equipment		164,955					164,955
Less: Accumulated Depreciation	(64,148)	(21,095)		(85,243)
Equipment, net	\$	100,807	(21,095)	\$	\$	79,712

Depreciation expense for the year ended June 30, 2015 was \$21,095.

For the years ended June 30, 2016 and 2015

NOTE 5 <u>MANAGEMENT COMPANY</u>:

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 and \$540,000 for the years ended June 30, 2016 and 2015 respectively.

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

NOTE 6 <u>CONTINGENCIES</u>:

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 <u>FUNCTIONAL ALLOCATION OF EXPENSES</u>:

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.

NOTE 8 PRIOR PERIOD ADJUSTMENT:

CTEC has restated its previously issued statement of financial position and cash flows for the year ended June 30, 2015 to correct cash and cash equivalents and accounts payable for reconciling items related to prior years.

The effects of the restatement for the year ended June 30, 2015 are as follows:

		Before				
	Restatement		Adjustment		Restated	
Cash and Cash Equivalents	\$	207,709	(\$	10,052)	\$	197,657
Accounts Payable		80,829	(2,766)		78,063
Net Assets, End of Year - Unrestricted		607,534	(7,286)		600,248

SUPPLEMENTAL INFORMATION

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	\$	1,322,673	\$	1,327,722	\$	5,049		
Late Registration		384,725		384,758		33		
Certificates		7,408		7,528		120		
Provider Fees		20,000		24,800		4,800		
Mailing List		2,750		3,250		500		
Other Income		304		309		5		
Interest		1,041		2,474		1,433		
TOTAL REVENUES	\$	1,738,901	\$	1,750,841	\$	11,940		
EXPENSES								
Board Activities	\$	22,969	\$	125,980	\$	103,011		
Audit Oversight Committee		19,334		19,334				
General and Administrative		469,151		100,804	(368,347)		
Communication and Technology		28,604		52,140		23,536		
Curriculum Provider Committee		41,997		90,121		48,124		
Budget and Finance Committee								
Executive Committee								
Governmental Relations Committee		143,912		311,022		167,110		
Public Awareness Committee		321,609		378,110		56,501		
Tax Preparer Committee		81,734		312,001		230,267		
TOTAL EXPENSES	\$	1,129,310	\$	1,389,512	\$	260,202		
INCREASE (DECREASE) IN NET ASSETS		609,591		361,329	(248,262)		
NET ASSETS BEGINNING OF YEAR		600,248		600,248				
NET ASSETS END OF YEAR	\$	1,209,839	\$	961,577				

SUPPLEMENTAL INFORMATION (CONTINUED)

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California Tax Education Council Statement Of Activities And Changes in Net Assets Budget To Actual **For The Year Ended June 30, 2015**

				Varian	ce Over Budget	
		Budget	 Actual	(Under Budget)		
REVENUE						
Registration Fees	\$	983,000	\$ 1,344,247	\$	361,247	
Late Registration		325,000	343,145		18,145	
Certificates		4,750	7,950		3,200	
Provider Fees		16,000	19,950		3,950	
Mailing List		1,750	1,750			
Other Income		450	74	(376)	
Interest		1,000	 626	(374)	
TOTAL REVENUES	<u>\$</u>	1,331,950	\$ 1,717,742	<u>\$</u>	385,792	
EXPENSES						
Board Activities	\$	143,500	\$ 122,048	(\$	21,452)	
Audit Oversight Committee		20,500	17,768	(2,732)	
General and Administrative		77,054	95,064		18,010	
Communication and Technology		57,400	56,923	(477)	
Curriculum Provider Committee		231,719	150,197	(81,522)	
Budget and Finance Committee		500		(500)	
Executive Committee		500		(500)	
Governmental Relations Committee		349,500	313,182	(36,318)	
Public Awareness Committee		373,938	363,078	(10,860)	
Tax Preparer Committee		358,189	 365,605		7,416	
TOTAL EXPENSES	\$	1,612,800	\$ 1,483,865	(<u>\$</u>	128,935)	
INCREASE (DECREASE) IN NET ASSETS	(280,850)	 233,877		514,727	
NET ASSETS BEGINNING OF YEAR		366,371	 366,371			
NET ASSETS END OF YEAR	\$	85,521	\$ 600,248			