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A N N U A L

R E P O R T

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C A L I F O R N I A T A X E D U C A T I O N C O U N C I L

# Statement of Mission

*In order to provide for the public benefit, the mission of the California Tax Education Council is to establish professional tax education standards, approve tax education providers who comply with these standards, and facilitate tax preparer compliance.*

—CALIFORNIA TAX EDUCATION COUNCIL

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## INTRODUCTION

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*The California Tax Education Council (CTEC) is the organization that registers Tax Preparers, the second largest segment of tax preparation professionals serving California.*

*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 State Tax Preparer Program to CTEC effective July 1, 1997. The Council is a nonprofit industry association made up of appointees from nonprofit and for-profit providers of tax preparation education. Representatives to the Council are appointed as described in Section 22251 of the Tax Preparers Act.*

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

CALIFORNIA TAX EDUCATION COUNCIL

P.O. BOX 2890 SACRAMENTO, CA 95812-2890 1-877-850-CTEC (2832)

## FULLFILLING OUR MISSION

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The California Tax Education Council has now completed its third year of operation. While still a young organization, it is no longer a start-up. Many urgent tasks have been completed, and we have begun to assess our performance. Important achievements of CTEC in this third year include:

- Completion of the most comprehensive reviews of tax schools ever done in California;
- Expansion of participation on the CTEC Board with the appointment of four CRTPs to fill the new position of Non-Director Committee Member. Representatives from the IRS and FTB also meet with us at Board meetings and present the CTEC message at seminars and workshops;
- Continued enhancement of the efficiency of Tax Preparer registration by implementing on-line registration for first time registrants. Implementation of on-line renewal registration began in the previous year's registration cycle;
- Redesign of the CTEC certificate to more properly convey the importance of CTEC registration;
- Distribution of CTEC informational brochures to libraries, community centers, community colleges and career centers throughout the state;
- Distribution of CTEC media kits to statewide news outlets to foster positive relations with these outlets, to offer information about the requirements of registration, and to distribute consumer protection information;
- Advertising on radio during the tax season to educate the public about the importance of hiring lawful tax preparers, and polling the public to ascertain the effectiveness of the advertising;
- Surveying CRTPs to identify CTEC services they feel are needed, and evaluating CTEC's performance delivering those goals;
- Ongoing development of a Policy and Procedures Manual which documents the policies and procedures adopted by the Board.

June 30<sup>th</sup> marked the date for those curriculum providers, which had been grandfathered in from the previous TPP program, to have their applications to CTEC. Those providers who did not reapply were dropped from the "Approved Provider" listings. Intensive re-reviews and coaching by CTEC was undertaken to ensure that no providers were dropped without every opportunity to meet the standards.

This year we also began to ready ourselves for the Legislative Sunset Review, which will be conducted early next year. We feel confident that the clear and concise record of achievement CTEC has amassed during its first three years will provide ample evidence of the importance of continuing the program.

We know that each year will bring its own unique challenges and look forward to the opportunity to meet those challenges while continuing to fulfill our mission.

RUTH H. GODFREY, *Chairman*

1999 - 2000 COUNCIL MEMBERS

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RUTH H. GODFREY  
*Chairman*  
Appointed by: Inland Society  
of Tax Consultants, Inc.



KHORSHEED ALAM  
*Treasurer*  
Appointed by: Mission Society  
of Enrolled Agents



S. ELAINE LYTTLETON  
*Secretary*  
Appointed by: CA Society of  
Accounting & Tax Professionals



WILLIAM GEIDEMAN  
Appointed by: National  
Association of Enrolled Agents



MICHAEL J. KIRBY  
Appointed by: Jackson  
Hewitt Tax Services



JACQUELINE MARAZZI  
Appointed by: National Society  
of Tax Practitioners



LEE T. REAMS  
Appointed by: CA Society  
of Enrolled Agents



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



WALTER C. THOMAS  
Appointed by: East Bay  
Association of Enrolled  
Agents, Inc.

1999 - 2000 Staff Members

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CHARLES L. COLE



CELESTE H. HERITAGE



SARAH E. WEST

## EXPANDING OPPORTUNITIES TO PARTICIPATE IN CTEC

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This year CTEC was proud to announce the appointment of four Non-Director Committee Members, who are all CTEC Registered Tax Preparers. Their representation broadens the debate and represents the interests of CRTPs on CTEC committees. Additionally, CTEC has

added a representative of the IRS and the FTB as non-voting participants, bringing the perspective of their agencies to CTEC deliberations. In the next year, two additional Non-Director Committee Members will be added to the CTEC Tax Preparer Committee.



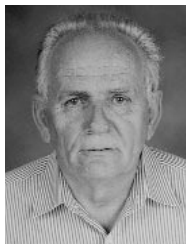
**C. LESTER CRAWFORD**  
CTEC Registered Tax Preparer  
Los Angeles  
Public Awareness  
Committee



**GILLIAN P. HERBERT**  
CTEC Registered Tax Preparer  
El Cerrito  
Curriculum Provider  
Standards Committee



**GLORIA PEARSON**  
CTEC Registered Tax Preparer  
Petaluma  
Public Awareness Committee



**DAVID PUGH**  
CTEC Registered Tax Preparer  
Ventura  
Curriculum Provider  
Standards Committee



**STELLA CLAYTER**  
Representative of the  
Internal Revenue Service



**DAVID HILL**  
Representative of the  
Franchise Tax Board



# SURVEY OF CTEC REGISTERED TAX PREPARERS RATES CTEC

## Necessary Service and Quality Performance

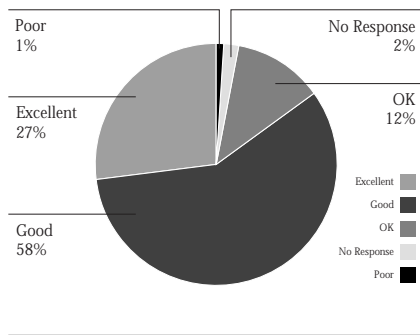
In an effort to measure the need for and quality of service provided by CTEC to the public and CRTPs, the Council surveyed all Registered Preparers. The survey consisted of twenty-four questions designed to determine whether CTEC services are truly necessary, to judge the quality of service provided, to rate the effectiveness of consumer protection, and to help us chart a course for further improvement. The Council received tremendous response, more than 5,737 Preparers took the time to answer and return the survey. Most gratifying of all was the overwhelming response that CTEC is on the right track, providing necessary, cost effective and quality service. While the response was very positive, CTEC is a young organization, which will continue to grow and improve over time. We are using this survey to help us make the organization as effective as possible as we meet these needs.

### CTEC SERVICE

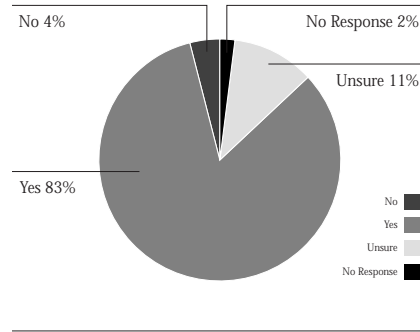
We first tested the level of service provided by CTEC to CRTPs and were very pleased to find 85% of Preparers rated CTEC service as excellent or good.

*How would you rate the service provided by CTEC?*

**85% Good or Excellent**

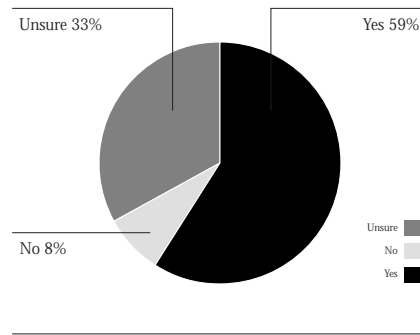


*Now thinking about all of CTEC's services, are you satisfied with their timeliness and quality?*  
**83% Yes, Satisfied**



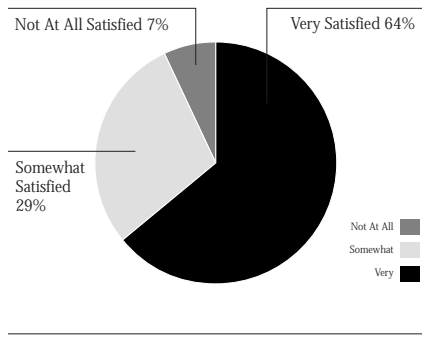
The ultimate test of whether CRTPs are satisfied with Council performance is that Preparers believe that CTEC services warrant the registration fee.

*Do the benefits of tax preparer registration warrant your registration fee?* **59% Yes, Benefits Warrant Registration.**

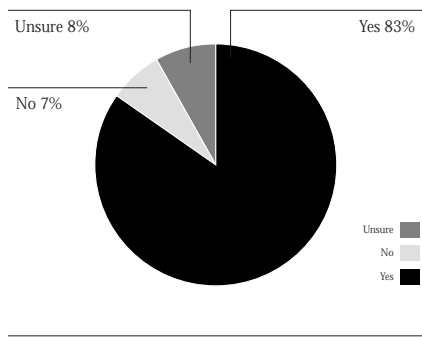


We also tested the quality of our service to those who had contacted CTEC for something other than mailing in their registration form, people who needed a little extra work from CTEC staff, and found that we are meeting and exceeding expectations there. We asked:

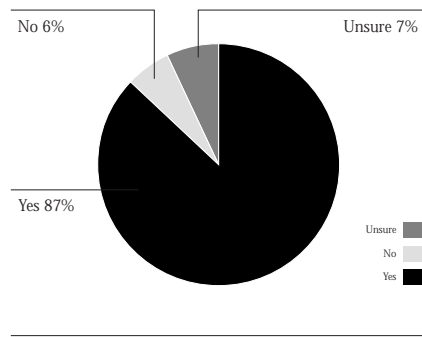
How would you describe your experience? Were you satisfied with the way you were treated and how your request was handled? **93% Yes, Satisfied.**



Were you satisfied with the information and advice you received and any further action CTEC would take? **83% Yes, Satisfied**



Were you satisfied with the final outcome of your request? **87% Yes, Satisfied**

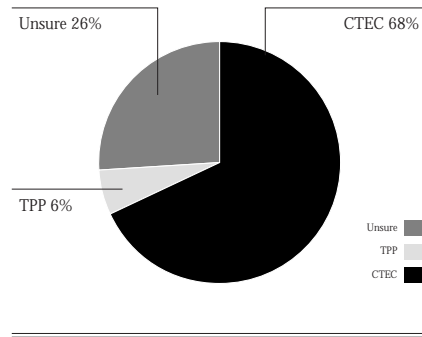


Another benchmark of our success was the extremely positive comparison Preparers, who had previously been registered by the Department of

Consumer Affairs Tax Preparers Program (TPP), made between the two regulating entities.

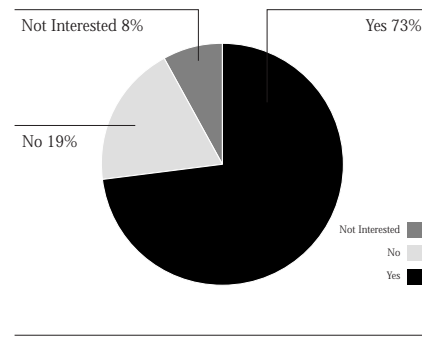
**Which organization provides better service?**

Asked only of those whom had been previously registered by TPP. **68% CTEC Better Service**

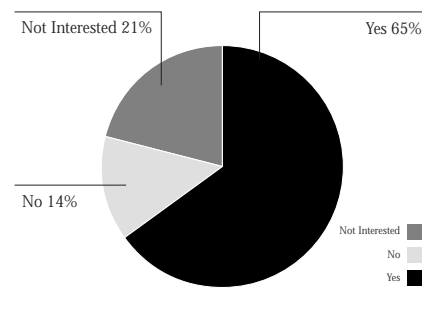


The survey is a road map to help us find areas where we can continue to improve. We found, for example, that *CRTPs want more distance learning options to fulfill their annual continuing education requirement.*

**73% Yes, More Correspondence Courses**



**65% Yes, More Internet Courses**



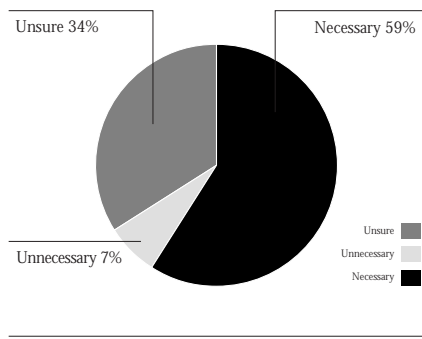


We also found that while almost half the respondents would like the brochure “*Death and Taxes*” printed in other languages, they overwhelmingly believe that Preparers who order them should pay for those versions in other languages.

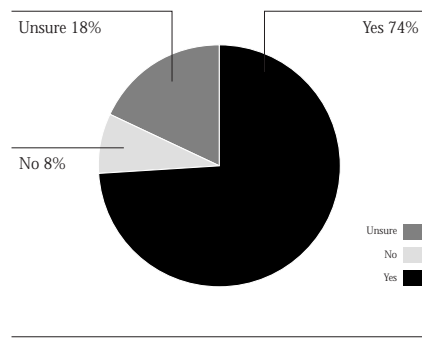
### CONSUMER PROTECTION

Another important finding of this survey was that, in general, Preparers believe CTEC registration protects consumers. We did, however, find some uncertainty on the issue, and, partly as a result, have recommended to the California Legislature that they further strengthen the consumer protections of the Tax Preparers Act.

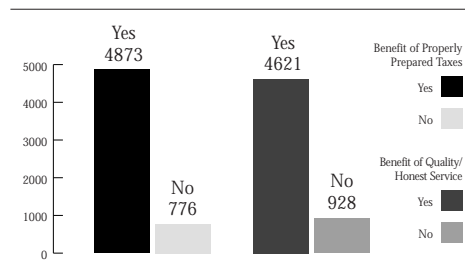
*Is CTEC necessary, or will the market take care of itself? 59% CTEC is Necessary.*



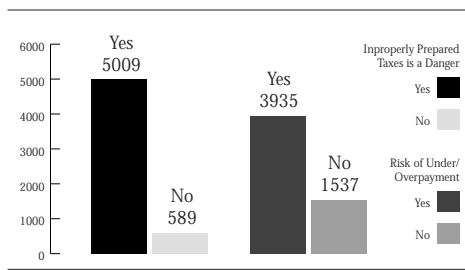
*Does the bond requirement protect the public? 74% Yes, Protects the Public.*



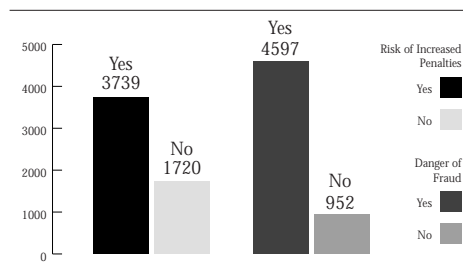
*How does regulation of Tax Preparers benefit the public? 4,873 believe that properly prepared taxes is a benefit of regulation of Tax Preparers. 4,621 believe that quality/honest service is a benefit of regulation of Tax Preparers.*



*Preparers believe there are serious consequences from using unregistered preparers including: 5,009 believe there is a danger of improperly prepared taxes. 3,935 believe there is a risk of under/overpayment of taxes.*



*3,739 believe there is a risk of increased penalties/dealings with the IRS. 4,597 believe there is a danger of fraudulent business practices.*



The survey provided valuable information, which we will continue to use as CTEC registers even more Preparers in the future.

## CTEC RADIO ADVERTISING SURVEY OF CONSUMERS FINDS IT EFFECTIVE

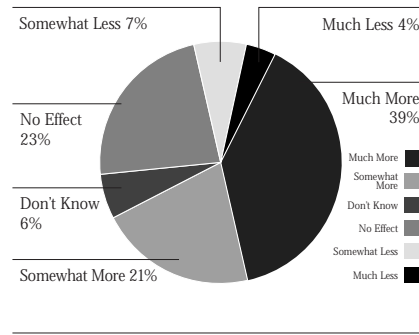
In order to bring the CTEC message of consumer protection to those who needed to hear it, CTEC bought radio advertising in Los Angeles. The timing of the advertising, January 17 through February 4, was intended to reach people before they made a decision about whom to hire to do their taxes. Consumers heard the message that “CTEC Registered Tax Preparers are trained, bonded and regulated.” A later survey found that the advertising reached the targeted audience and made a positive impression on consumers.

The buys were made on stations with high numbers of listeners who would be likely to use CTEC Registered Tax Preparers. Played on five stations with audiences throughout Greater Los Angeles, spots were run during commute times, that is, Monday through Friday in the morning and evening. According to the Franchise Tax Board, Los Angeles has the most serious problem with unlicensed, unlawful tax preparers.

The advertisement featured a man and a woman discussing taxes. “Taxes are so complicated—have you done yours yet this year?” a man asks. Later the woman asks, “Well, how can I be sure my tax preparer is qualified?” The man answers, “I use a CTEC Registered Tax Preparer they’re trained, bonded and regulated.”

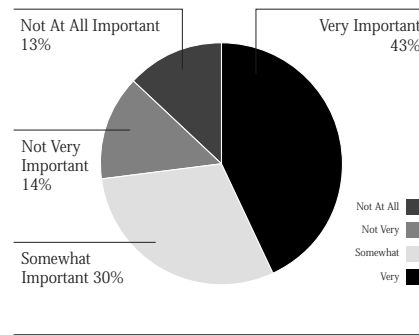
To measure the effectiveness of the advertising buy, CTEC hired a nationally recognized consumer research firm to survey consumers in the listening area of the radio stations. The poll of 200 Los Angeles residents, conducted in February by Charlton Research, found that the majority of respondents had heard the commercial, felt the information was important and would be more likely to look for a CTEC Registered Tax Preparer as a result of hearing it.

*After hearing this ad, would you say you are more or less likely to look for a Registered Tax Preparer to complete your taxes? **59% More Likely***



One important factor in deciding which stations to buy advertising on was that their audiences included younger, moderate-income people. In fact, the polling found that 63% of those who had heard the ad were under 45 years old and 59% reported making less than \$50,000. The poll also found that nearly three-fourths of respondents felt the information in the commercials was important, with 42% saying it was very important

*Please tell me how important the information in this ad is to you? **73% Important***



Although the intent was to educate consumers, which the numbers above show it did, CTEC also received many calls from people who had been illegally preparing taxes, heard the commercial and decided to become registered. Overall, the survey found that the radio buy achieved its objectives.

# CALIFORNIA TAX EDUCATION COUNCIL REGISTERED TAX PREPARERS

*On June 30, 2000, there were 29,459 CRTPs*



Los Angeles  
Insert

### By Three-Digit Zip Code Area

Eureka—82	San Jose—1389	Los Angeles—1942
Redding—190	Salinas—222	Alhambra—1959
Modoc—45	Fresno—681	Inglewood—1739
North Bay—193	Mojave—422	Long Beach—1936
Marysville—259	Bakersfield—680	Santa Ana—2355
Sacramento—1570	Santa Barbara—354	San Bernardino—2288
Oakland—2398	Oxnard—677	San Diego—2685
San Francisco—1388	Van Nuys—2040	
Stockton—1021	Pasadena—794	Out of State—150

**PROVIDERS OF QUALIFYING AND  
CONTINUING EDUCATION**

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<p>Academy for Tax Preparers* Vital D'Carpio P. O. Box 11445 Santa Ana, CA 92711 (714) 834-9266 CTEC #1046</p> <p>Active Professional Inc Mickey Olson 9663-B Folsom Blvd Sacramento, CA 95827 (916) 361-0931 CTEC #1059</p> <p>American Schools* Nancy League P.O. Box 2948 Torrance, CA 90509 (310) 544-2090 CTEC #1012</p> <p>Beauchamp Tax Service Jerry Beauchamp 3772-P Mission Ave Oceanside, CA 92054 (760) 722-4858 CTEC #2076</p> <p>Brass Tax Presentations* Michael Karll P. O. Box 28147 San Diego, CA 92198 (619) 487-2553 CTEC #1008</p> <p>Brown &amp; Ledbetter Seminars Fred Brown P.O. Box 6536 Laguna Niguel, CA 92607 (949) 487-1040 CTEC #2024</p> <p>CA Chapter-Nat'l Assn of Tax Practitioners Jacqueline Marrazzi 1121 E. Ohio Avenue Escondido, CA 92025 (760) 480-0155 CTEC #2014</p> <p>CA Society of Accounting &amp; Tax Professionals Bobbie Jarvis 38012 Martha Ave, Ste B Fremont, CA 94536 (510) 791-0455 CTEC #1093</p>	<p>CA Society of Enrolled Agents Willis Carnegie 3200 Ramos Circle Sacramento, CA 95827 (916) 366-6646 CTEC #1001</p> <p>CA State University—Hayward Carol Mintz 25800 Carlos Bee Blvd Hayward, CA 94542 (510) 881-2312 CTEC #1054</p> <p>Cabrillo College Carol Jensen 6500 Soquel Drive Bus. Comp. Sc. Division Aptos, CA 95003 (831) 479-6400 CTEC #2070</p> <p>California Tax Institute* William McKnight 5281 Laurel View Circle Yorba Linda, CA 92886 (800) 995-1747 CTEC #1022</p> <p>Cano Educational Services John Cano 12809 Philadelphia St Whittier, CA 90601 (562) 693-0210 CTEC #2069</p> <p>Chaffey Adult School Ron Scott 211 West Fifth Street Ontario, CA 91762 (909) 983-2010 CTEC #1089</p> <p>Chaffey College Janet Nix 223 W Emporia St. Ontario, CA 91762 (909) 477-2954 CTEC #2046</p> <p>CND Time Vern Mitzel P.O. Box 488 Roseville, CA 95678 (916) 974-5352 CTEC #1061</p>	<p>Coastline Community College Chester Platt 11460 Warner Avenue Fountain Valley, CA 92708 (714) 241-6209 CTEC #2010</p> <p>College of the Sequoias Linda Kennedy 915 South Mooney Blvd Visalia, CA 93277 (559) 730-3933 CTEC #2033</p> <p>Computerized Systems Company Richard Friedberg 2729 N. Broadway Los Angeles, CA 90031 (213) 227-8555 CTEC #1024</p> <p>Curtis Publications, Inc.* Richard Curtis P.O. Box 899 Santa Barbara, CA 93102 (805) 966-1560 CTEC #1043</p> <p>D &amp; G Financial Services Don Cohen 11889 Del Amo Blvd. Cerritos, CA 90703 (562) 468-1923 CTEC #1091</p> <p>Eagle Business Center Mary Jo Heiden P.O. Box 1460 Wildomar, CA 92595 (909) 678-9753 CTEC #2009</p> <p>Fiducial Triple Check, Inc. David Lieberman 2441 Honolulu Avenue Montrose, CA 91020 (800) 283-1040 CTEC #2026</p> <p>Financial Tax Planning Patricia Everette 2140 Professional Drive Suite 105 Roseville, CA 95661 (916) 791-1447 CTEC #2073</p>
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\* Correspondence School  
• List is valid as of June 30, 2000.

• Please contact Providers to see if they are currently registered with CTEC.  
• Listed Providers are approved for all their California locations.



Five Star Services  
John Dudley  
1001 W. Carson, Suite T  
Torrance, CA 90502  
(310) 783-0318  
CTEC #1010

G & E Tax Institute  
George Misko  
36649 Little Sycamore Street  
Palmdale, CA 93552  
(805) 285-6611  
CTEC #1006

Gear Up Tax Seminars  
Steven Ball  
P.O. Box 23698  
Portland, OR 97281  
(800) 231-1860  
CTEC #1013

Gleim Publications, Inc.\*  
DeAnn Larsen  
P.O. Box 12848  
Gainesville, FL 32604  
(352) 375-0772  
CTEC #1055

Glendale Community College  
Christine Kloezeman  
1500 N. Verdugo Road  
Glendale, CA 91208  
(818) 240-1000  
CTEC #2072

Golden City Professional Studies\*  
Peter Yip  
P.O. Box 7125  
Alhambra, CA 91801  
(626) 457-8836  
CTEC #1023

Golden State Tax Institute, Inc.  
Marvin Sanderman  
113 McHenry Road, Suite 190  
Buffalo Grove, IL 60089  
(847) 459-3300  
CTEC #2040

Grossmont-Cuyamaca  
Community College  
Naomi Krone  
8800 Grossmont College Drive  
El Cajon, CA 92020  
(619) 644-7653  
CTEC #2013

H & R Block Tax Services, Inc.  
Frank Cabrera  
6622 Florin Road  
Sacramento, CA 95828  
(916) 399-0351  
CTEC #1040

Hacienda La Puente Adult  
Education  
Della Aries  
1600 Pontenova  
Hacienda Heights, CA 91745  
(626) 855-3510  
CTEC #1081

Hayden Wisdom  
220 Hammond Drive  
Auburn, CA 95603  
(530) 888-1040  
CTEC #2053

Heald Colleges\*  
Loren Schmidt  
670 Howard Street  
San Francisco, CA 94105  
(415) 808-1469  
CTEC #2018

Inglewood Adult School  
Erik McKee  
115 W. Kelso Street  
Inglewood, CA 90301  
(310) 419-2682  
CTEC #1085

Inland Society of Tax  
Consultants, Inc.  
Beverly Switzer  
2140 W. Chapman, #103  
Orange, CA 92686  
(714) 634-0484  
CTEC #1000

Internal Revenue Service  
Mylene Kavanaugh  
300 N. Los Angeles St, Stop 1053  
Los Angeles, CA 90012  
(213) 576-4196  
CTEC #1052

\* Correspondence School

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International Career  
Development Center  
Anna Berger  
6363 Wilshire Blvd, Suite 600  
Los Angeles, CA 90048  
(323) 655-9100  
CTEC #1035

IRS Symposium  
Dave Christiansen  
P.O. Box 9941  
Ogden, UT 84409  
(801) 629-1051  
CTEC #1060

Jackson Hewitt Tax Services  
Michael Kirby  
3639 Midway Drive #B349  
San Diego, CA 92210  
(619) 272-1040  
CTEC #1009

Jeff Ward, EA PhD  
Jeff Ward  
3111 Camino Del Rio North  
#400  
San Diego, CA 92108  
(619) 528-2266  
CTEC #1090

Jordan & Jordan Financial\*  
Kerwin Jordan  
32611 Norht The Old Road  
Castaic, CA 91384  
(661) 257-9620  
CTEC #1068

Krusemark's Tax Service\*  
Larry Krusemark  
1132 18th Avenue  
Redwood City, CA 94063  
(888) 810-4482  
CTEC #1021

Lacerte Educational Services, Inc.  
Tim Fontenot  
13155 Noel Road, 22nd Floor  
Dallas, TX 75240  
(800) 765-4040  
CTEC #2034

Latin American College of Business  
Anibal Arana  
P.O. Box 227279  
Los Angeles, CA 90022  
(323) 269-7261  
CTEC #1039

Lopez Tax Service, Inc.  
Kristeena Lopez  
1024 N. Davis Road  
Salinas, CA 93907  
(831) 758-2512  
CTEC #2080

MicroMash\*  
Michelle Mulhern  
6402 South Troy Circle  
Englewood, CO 80111  
(800) 272-7277  
CTEC #1042

Mira Costa College Business Dept.  
Thomas L. Severance  
One Barnard Drive  
Oceanside, CA 92056  
(760) 757-2121  
CTEC #1074

Mt. Diablo Adult Education  
Barbara Lem  
1266 San Carlos Ave  
Concord, CA 94518  
(925) 685-7340  
CTEC #2008

National Association of Tax  
Practitioner  
Mr. Isakson  
720 Association Drive  
Appleton, WI 54914  
(414) 749-1040  
CTEC #1067

National Business Institute  
Jamie Larscheid  
P.O. Box 3067  
Eau Claire, WI 54702  
(715) 835-8525  
CTEC #2074

National Center for Professional  
Education  
Candy Riles  
P.O. Box 560  
Zachary, LA 70791  
(504) 654-7191  
CTEC #1087

National Society of Tax  
Professionals  
P.O. Box 2575  
Vancouver, WA 98668  
(800) 367-8130  
CTEC #2001

National Tax Training School\*  
Ben Eisenberg  
P.O. Box 382  
Monsey, NY 10952  
(914) 352-3634  
CTEC #1025

Noelle Allen CPA\*  
Noelle Allen  
12679 Parsenn Road  
Truckee, CA 96161  
(530) 587-1173  
CTEC #2078

Ohlone  
Carolyn Strickler  
P.O. Box 3909  
Fremont, CA 94539  
(510) 659-6252  
CTEC #2030

Olympia Institute  
Kuo Chen  
833 Market Street Ste 301  
San Francisco, CA 94103  
(415) 543-1333  
CTEC #2035

Orange Coast College  
Community Education  
Marge Ball  
P.O. Box 5005  
Costa Mesa, CA 92628  
(714) 432-5805  
CTEC #2005

\* Correspondence School  
• List is valid as of June 30, 2000.

• Please contact Providers to see if they are currently registered with CTEC.  
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Palomar Community College  
Sherry Gordon  
1140 West Mission  
San Marcos, CA 92069  
(760) 744-1150  
CTEC #2045

People's Income Tax, Inc.\*  
Sandy Barrett  
1601 Willow Lawn Dr #309  
Richmond, VA 23230  
(804) 204-1040  
CTEC #1071

Personalized Tax Service  
David Peel  
1453 W. Foothill Blvd  
Upland, CA 91786  
(909) 981-5661  
CTEC #1084

Platinum Professional Studies  
5791 Westminster Blvd.  
Westminster, CA 92683  
(714) 625-1040  
CTEC #2052

Pooley Seminars  
Carolyn Pooley  
P.O. Box 15676  
Sacramento, CA 95852  
(916) 654-8011  
CTEC #2067

Portland State University Prof.  
Dev. Center  
Robin Varni  
P.O. Box 751  
Portland, OR 97207  
(503) 725-5834  
CTEC #2023

Practical Tax Preparers Clinic  
Ed Dunn  
13575 Calais Drive  
Del Mar, CA 92014  
(619) 755-1021  
CTEC #1026

Real Tax  
Laurie Anthony  
15901 Hawthorne Blvd. Suite 200  
Lawndale, CA 90260  
(310) 921-3104  
CTEC #2077

Riverside Tax Consultants  
Association  
Ethel Mae Harrison  
P.O. Box 7596  
Riverside, CA 92513  
(909) 689-0475  
CTEC #2036

Riverside Unified School District  
Clifford Weaver  
6401 Lincoln Avenue  
Riverside, CA 92506  
(909) 788-1050  
CTEC #1083

San Diego City College  
Ken Dennis  
1313 12th Avenue  
San Diego, CA 92101  
(858) 577-6209  
CTEC #2006

San Mateo County AARP  
TCE Program  
624 30th Avenue  
San Mateo, CA 94403  
(650) 341-3706  
CTEC #2054

Santa Ana College\*  
Frank Beigbeder  
1530 W. 17th Street  
Santa Ana, CA 92706  
CTEC #2019

Sharpen Up Seminars\*  
(ImageOne, Inc.)  
Lee Reams  
P.O. Box 3069  
Chatsworth, CA 91311  
(800) 462-4366  
CTEC #1044

Society of California Accountants  
Laura Taylor  
2131 Capitol Avenue #101  
Sacramento, CA 95816  
(916) 443-2057  
CTEC #1097

Spidell Publishing\*  
Janet Czernek  
1110 N. Gilbert Street  
Anaheim, CA 92801  
(714) 776-7850  
CTEC #1019

Target Tax  
Gary Hammond  
171 Gorrion Ave.  
Ventura, CA 93004  
(888) 722-5405  
CTEC #1028

Tax Link Seminars  
Jerry Fiske  
250 W. First Street, Ste. #142  
Claremont, CA 91711  
(909) 621-1982  
CTEC #1048

Taxtor Educators  
Marlene Fawcett  
P.O. Box 516  
Highland, CA 92346  
(909) 885-5017  
CTEC #1065

The Phoenix Tax Group\*  
Jack Mason  
120 Montgomery St., Suite 1200  
San Francisco, CA 94104  
(800) 879-1099  
CTEC #1082

The Tax Institute\*  
Alfonso Lara  
424 18th Street  
Bakersfield, CA 93301  
(661) 861-0635  
CTEC #1007

The Tax School  
Howard Scruggs  
P.O. Box 525  
Neward, CA 94560  
(800) 327-1040  
CTEC #1003

THG Enterprises, Inc.  
Jim Harnsberger  
7171 Alvarado Road, Suite 103  
La Mesa, CA 91941  
(619) 465-7186  
CTEC #2079

\* Correspondence School  
• List is valid as of June 30, 2000.

• Please contact Providers to see if they are currently registered with CTEC.  
• Listed Providers are approved for all their California locations.

## INDEPENDENT AUDITOR'S REPORT

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TO THE BOARD OF DIRECTORS  
CALIFORNIA TAX EDUCATION COUNCIL  
SACRAMENTO, CALIFORNIA

We have audited the accompanying statement of financial position of California Tax Education Council, (a nonprofit organization) as of June 30, 2000 and 1999, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of CTEC's management. Our responsibility is to express an opinion of these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2000 and 1999, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Marcia Fritz & Company*

MARCIA FRITZ & COMPANY  
Citrus Heights, CA  
August 16, 2000



## STATEMENT OF FINANCIAL POSITION

*As of June 30, 2000 and 1999*

	<b>2000</b>	<b>1999</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 132,390	\$ 135,001
Returned Checks Receivable	3,740	2,014
Total Current Assets	136,130	137,015
<b>Investments</b>		
Certificates of Deposit	389,721	456,053
Total Investments	389,721	456,053
<b>Total Assets</b>	<b>\$ 525,851</b>	<b>\$ 593,068</b>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 106,646	\$ 9,674
Sales Tax Payable (Refundable)	(200)	103
Total Liabilities	106,446	9,777
<b>Net Assets - unrestricted</b>	419,405	\$ 583,291
<b>Total Liabilities and Net Assets</b>	<b>\$ 525,851</b>	<b>\$ 593,068</b>

*See accompanying notes.*

## STATEMENT OF ACTIVITIES

*For the Years Ended June 30, 2000 and 1999*

	<b>2000</b>	<b>1999</b>
<b>Revenues:</b>		
Registration Fees	\$ 744,325	\$ 720,120
Late Registration Fees	56,924	55,669
Mailing List	4,750	3,021
Brochure Income	1,052	
Other Income	5,417	2,241
Interest	20,260	21,318
	<hr/>	<hr/>
Total Revenues	832,728	802,369
<b>Expenses:</b>		
Accreditation	204,110	180,112
Board Activities		
Tax Preparer Services	12,448	7,774
Education and Curriculum	24,890	15,547
General and Administrative	87,123	54,431
	<hr/>	<hr/>
Total Board Activities	124,461	77,752
General and Administrative	138,858	85,292
Public Awareness	382,206	93,438
Registration	146,979	158,880
	<hr/>	<hr/>
Total Expenses	996,614	595,474
<b>Increase (Decrease) in net assets</b>	(163,886)	206,895
Net assets beginning	583,291	376,396
	<hr/>	<hr/>
<b>Net assets ending</b>	<b>\$ 419,405</b>	<b>\$ 583,291</b>
	<hr/> <hr/>	<hr/> <hr/>

*See accompanying notes.*

## STATEMENT OF FUNCTIONAL EXPENSES

*For the Years Ended June 30, 2000 and 1999*

	CTEC TAX PREPARER SERVICES			EDUCATION AND CURRICULUM		GENERAL AND ADMINISTRATIVE		(MEMORANDUM ONLY)	
	Board Activities	Registration	Public Awareness	Board Activities	Accreditation	Board Activities	General & Administrative	Total Expenses	Total 1999
Accounting							\$ 5,458	\$5,458	\$ 6,831
Bank Service Charges							306	306	544
Credit Card Discounts							2,224	2,224	
Returned Items									
Education, Training									
Fees & Licenses							10	10	10
Interest									
Insurance							2,690	2,690	2,905
Legal									490
Management Fee	\$ 9,240	\$ 92,400	\$ 92,400	\$ 18,480	\$ 92,400	\$64,680	92,400	462,000	453,000
Meetings, Conferences	590			1,179		4,128	6,650	12,547	13,099
Media Promotion				172,680					172,680
Miscellaneous									138
Outside Consultants	64		62,161	127	111,150	445	13,500	187,447	43,103
Postage		8,821	15,264					24,085	13,535
Printing		45,718	22,440				12,668	80,827	37,440
Telephone/Fax	44	40	2,053	88	560	309	482	3,576	4,299
Travel									
Mileage	301			601		2,105	198	3,205	1,518
Airfare	456			912		3,193		4,561	4,885
Hotel	933			1,865		6,528	2,271	11,597	6,575
Per Diem	498			995		3,483		4,976	4,382
Cab	201			401		1,404		2,006	281
Parking	98			197		689		984	539
Car Rental	23			45		159		227	468
Web Page			15,207					15,207	1,432
	\$ 12,448	\$ 146,979	\$ 382,206	\$ 24,890	\$ 204,110	\$87,123	\$ 138,858	\$ 996,614	\$ 595,474

*See accompanying notes.*

## STATEMENT OF CASH FLOWS

*For the Years Ended June 30, 2000 and 1999*

	<b>2000</b>	<b>1999</b>
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ (163,886)	\$206,895
Adjustments to reconcile change in net assets to net cash from operating activities:		
Decrease (increase) in receivable	(1,726)	(2,014)
Increase (decrease) in accounts payable	96,972	9,674
Increase (decrease) in sales tax payable	(303)	103
Net cash from operating activities	<u>(68,943)</u>	<u>214,658</u>
<b>Cash Flows from Investing Activities</b>		
Purchase (redemption) of certificates of deposit	<u>66,332</u>	<u>(283,101)</u>
Net cash provided by (used in) investing activities	<u>66,332</u>	<u>(283,101)</u>
Net increase (decrease) in cash	(2,611)	(68,443)
<b>Cash and cash equivalents:</b>		
Beginning	<u>135,001</u>	<u>203,444</u>
<b>Ending</b>	<u><b>\$ 132,390</b></u>	<u><b>\$ 135,001</b></u>

*See accompanying notes.*

## NOTES TO FINANCIAL STATEMENTS

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For the Years Ended June 30, 2000 and 1999

### 1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES:

#### ***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. CTEC collects registration fees, verifies that tax preparers have met the education requirements, issues certificates, and accredits educational programs. CTEC registered 29,459 tax preparers in 2000 and 28,329 in 1999.

CTEC's operations are managed by an independent contractor (Advocation, Inc. of Sacramento, California), who charges a management fee.

#### ***Basis of Accounting***

The financial statements have been prepared in accordance with generally accepted accounting principles.

#### ***Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts 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.

#### ***Revenue Recognition***

Revenue is recognized when cash is received by CTEC.

#### ***Functional Expenses***

The Statement of Functional Expenses, although not required for CTEC, is being presented for information purposes. The management fee is allocated to functional expenses based on estimates of time incurred by employees of the management firm, Advocation, Inc.

#### ***Income Taxes***

CTEC is a nonprofit corporation exempt under Internal Revenue Code Sections 501(c)(3) and related California code sections.

#### ***Cash and Cash Equivalents***

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these financial instruments.

### 2. CONCENTRATION OF RISK

CTEC's funds are deposited in financial institutions insured by the federal depository insurance. As of June 30, 2000 the balance of the River City Bank Certificate Deposit was \$100,605, which is covered by federal depository insurance to \$100,000, leaving an uninsured balance of \$605.