

STATEMENT OF MISSION

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

—California Tax Education Council

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INTRODUCTION

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

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

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

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

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



MESSAGE FROM THE CHAIR

It has been an honor to serve a second term as Chair of the California Tax Education Council (CTEC) during the Sunset Review process. I'm pleased to report California Senate Bill 812 was signed into law to extend the Tax Preparation Act through January 1, 2028.

The act requires nonexempt tax preparers to register with CTEC. Registrants must complete tax education requirements, obtain a \$5,000 surety bond and IRS Preparer Tax Identification Number (PTIN) on an initial and annual basis, in addition to paying the CTEC registration fee.

As of July 1, 2020, new registrants must also submit a fingerprint scan and pass a background check before their application can be approved. The Council will continue to work with the State Legislature and DOJ to get the necessary language into statute in order for the FBI to release criminal history information to CTEC.

Additionally, under the act, all registrants must report bond claims. The Council will post those claims on the CTEC website and now social media accounts, as requested during Sunset Review proceedings.

Educating taxpayers on how to find a California-approved tax preparer is one of our biggest endeavors, which the Council will continue to pursue, by providing the appropriate information in English and Spanish through podcasts, paid advertising campaigns, social media, as well as the website.

The act still maintains CTEC will not receive reimbursement for expenses to carry out the regulatory responsibilities and duties under this law, including its enforcement partnership with the California Franchise Tax Board (FTB). CTEC is responsible for paying all expenses to enforce tax preparer compliance carried out by FTB. All penalties collected by FTB are deposited into the State's General Fund.

Although the tasks are substantial, thanks to our administrative staff, volunteer board members and government partners' desire to effectively implement this program, all operations are covered within our current budget.



*Lester Crawford, Chair
CTEC Registered Tax Preparer (CRTP)*

2022 - 2023 Council Members



C. Lester Crawford
Chair
CTEC Registered Tax Preparer
Los Angeles, CA



Fernando E. Angell III
Treasurer
CTEC Registered Tax Preparer
Downey, CA



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



Michael Carr
CTEC Registered Tax Preparer
Sun City, CA



Aaron Chambers
CTEC Registered Tax Preparer
Madera, CA



Karen De Vaney
Appointed by: California
Society of Tax Consultants, Inc.



Susie L. DiMaggio
Appointed by: California
Society of Enrolled Agents



Ruth Godfrey
Appointed by: National Society
of Accountants



Tom O'Saben
Appointed by: National
Association of Tax Professionals



Lee Reams, Sr.
Appointed by: National
Association of Enrolled Agents



Jodi Runyan-Schechter
CTEC Registered Tax Preparer
Simi Valley, CA



Yvette Rupp
CTEC Registered Tax Preparer
Fresno, CA



Katie Zollo
CTEC Registered Tax Preparer
Ukiah, CA
2019-2022

2022 - 2023 Government Agency Representatives



Rebecca Landeros
Representative, California
Franchise Tax Board



Raquel Hopkins
Representative, California
Franchise Tax Board



Cedric Brown
Representative, Internal
Revenue Service

2022 - 2023 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, 2023, CTEC has registered 38,844 preparers.

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

| Registration Year | Total Registrations |
|---------------------|---------------------|
| 07/01/97-06/30/98 | 28,831 |
| 07/01/98-06/30/99 | 29,009 |
| 07/01/99-06/30/00 | 29,773 |
| 07/01/00-06/30/01 | 28,444 |
| 07/01/01-06/30/02 | 29,943 |
| 07/01/02-06/30/03 | 32,093 |
| 07/01/03-06/30/04 | 34,391 |
| 07/01/04-06/30/05 | 36,931 |
| 07/01/05-06/30/06 | 39,226 |
| 07/01/06-06/30/07 | 40,565 |
| 07/01/07-06/30/08 | 41,881 |
| 07/01/08-06/30/09 | 44,888 |
| 07/01/09-06/30/10 | 44,147 |
| 07/01/10-06/30/11 | 43,674 |
| 07/01/11-06/30/12 | 41,934 |
| 07/01/12-06/30/13 | 38,481 |
| 07/01/13-06/30/14 | 39,201 |
| 07/01/14-06/30/15 | 41,564 |
| 07/01/15-06/30/16 | 39,965 |
| 07/01/16-06/30/17 | 39,306 |
| 07/01/17 - 06/30/18 | 39,904 |
| 07/01/18 – 06/30/19 | 39,770 |
| 07/01/19 – 06/30/20 | 39,446 |
| 07/01/20 – 06/30/21 | 38,464 |
| 07/01/21 – 06/30/22 | 38,278 |
| 07/01/22 – 06/30/23 | 38,844 |

CALIFORNIA TAX EDUCATION COUNCIL (CTEC)

CTEC REGISTERED TAX PREPARERS (CRTPs)

ON JUNE 30, 2023, THERE WERE 38,844 CRTPs



| | | | |
|--------------|-------|-----------------|---------------|
| Alameda | 1187 | Nevada | 69 |
| Alpine | 1 | Orange | 3507 |
| Amador | 17 | Placer | 268 |
| Butte | 137 | Plumas | 12 |
| Calaveras | 29 | Riverside | 2731 |
| Colusa | 14 | Sacramento | 1446 |
| Contra Costa | 828 | San Benito | 65 |
| Del Norte | 17 | San Bernardino | 2702 |
| El Dorado | 68 | San Diego | 3035 |
| Fresno | 910 | San Francisco | 678 |
| Glenn | 18 | San Joaquin | 624 |
| Humboldt | 53 | San Luis Obispo | 145 |
| Imperial | 279 | San Mateo | 446 |
| Inyo | 5 | Santa Barbara | 284 |
| Kern | 825 | Santa Clara | 1507 |
| Kings | 83 | Santa Cruz | 234 |
| Lake | 43 | Shasta | 104 |
| Lassen | 14 | Sierra | 2 |
| Los Angeles | 12039 | Siskiyou | 25 |
| Madera | 130 | Solano | 431 |
| Marin | 125 | Sonoma | 375 |
| Mariposa | 7 | Stanislaus | 553 |
| Mendocino | 53 | Sutter | 94 |
| Merced | 278 | Tehama | 41 |
| Modoc | 2 | Trinity | 3 |
| Mono | 2 | Tulare | 384 |
| Monterey | 419 | Tuolumne | 35 |
| Napa | 81 | Ventura | 708 |
| | | Yolo | 104 |
| | | Yuba | 53 |
| | | Out of State | 515 |
| | | Total | 38,844 |

PUBLIC AWARENESS EXPANDS DIGITAL OUTREACH

CTEC expanded its public awareness strategy during the 2023 tax season, which included utilizing more AI platforms, as well as mobile ads. This is in addition to the podcast campaign, Google Ads, audio platform advertisements, and social media outreach, which all ran in English and Spanish.

The campaign helped increase traffic to the website by more than 200% compared to last year. Social media traffic also increased by 75% during the 2023 tax season. The podcast campaign now ranks well within the top 25% of national averages.

Overall, more than 3.5 million taxpayers took action on the CTEC campaign, which included downloading the podcast, watching videos or clicking on an ad or social media post.

CRTPs are encouraged to listen and share CTEC podcasts. Links to the podcasts are provided on CTEC.org or you can visit taxpayerbeware.org. To download the Spanish version, visit contribuyentecudese.org.



2022/2023 ENFORCEMENT RESULTS

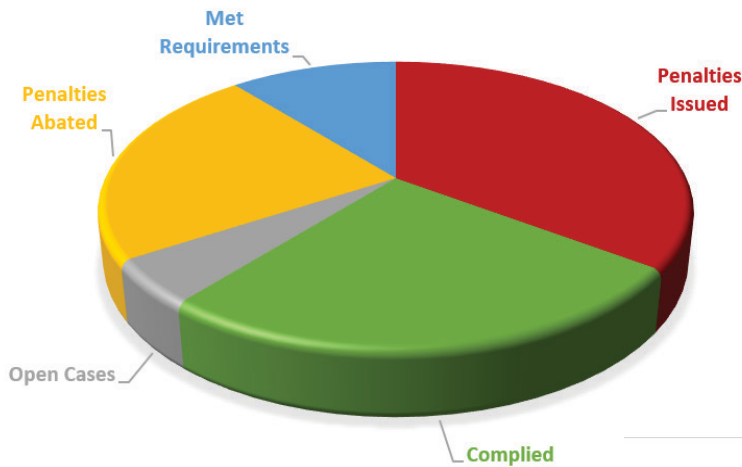
During the 2022/2023 fiscal year, the Franchise Tax Board Tax Preparer Enforcement Team contacted more than 1,400 questionable tax preparers, including some who had failed to comply the prior year.

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

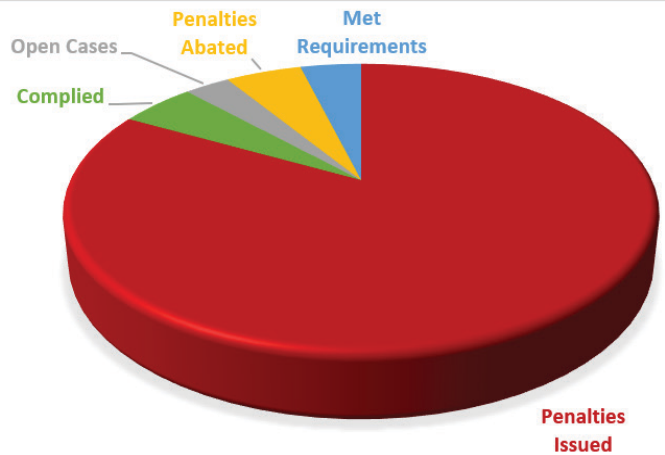
If a tax preparer does not comply, the \$2,500 penalty is assessed. If a tax preparer still fails to comply the next year, a \$5,000 penalty will be issued each year until they either register with CTEC or agree to stop preparing tax returns for a fee.

CTEC pays for the entire enforcement program. All penalties collected by FTB are deposited into the state's general fund. To report an unregistered tax preparer, visit ctec.org.

No Previous Penalty Contact Results



Previous Penalty Contact Results



Results are as of September 30, 2023

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

SCHOOLS APPROVED FOR CONTINUING EDUCATION (20 HOURS)

@ 1ST ATTEMPT (AT YOUR PACE ONLINE)

225 East Robinson Street, Suite 570
Orlando, FL 32801
(Phone) 877-724-6150
www.taxce.com
CTEC Provider #: 6258

3IS TAX SCHOOL

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

ARCOIRIS INCOME TAX INC.

1920 N Tustin St.
Orange, CA 92865
(Phone) 714-998-8986
(Fax) 714-429-2020
CTEC Provider #: 6232

BRASS TAX PRESENTATIONS

1224 10th Street, Ste 210
Coronado, CA 92118
(Phone) 858-487-2553
(Fax) 619-435-4657
www.BrassTax.com
CTEC Provider #: 1008

CALIFORNIA CPA EDUCATION FOUNDATION

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

CALIFORNIA TAX INSTITUTE

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

1 0 4 0 AND MORE CONTINUING EDUCATION

2669 Ne Twin Knolls Ste 106
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(Phone) 650-843-9829
(Fax) 541-617-9537
www.taxcoursesonline.com
CTEC Provider #: 6203

A & B OFFICE, INCOME TAX TRAINING SCHOOL

12432 Oxnard St.
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(Phone) 818-505-3537
(Fax) 818-308-8533
www.abeducate.com
CTEC Provider #: 1057

AROUND THE BLOCK TAX SERVICES

214 N. Palm Ave.
Ontario, CA 91762
(Phone) 909-270-6471
CTEC Provider #: 3094

CA CHAPTER-NAT'L ASSN OF TAX PROFESSIONALS

508 Gibson Drive Ste 240
Roseville, CA 95678
(Phone) 916-960-2203
www.califnatp.com
CTEC Provider #: 214

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

450 N Street
Sacramento, CA 95814
(Phone) 916-704-6533
CTEC Provider #: 3069

CE SELF STUDY

11037 Warner Avenue, Suite 147
Fountain Valley, CA 92708
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www.ceselfstudy.com
CTEC Provider #: 6243

1 1 1 ACCELERATED CONTINUING EDUCATION DBA MY TAX COURSES ONLINE

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www.mytaxcoursesonline.com
CTEC Provider #: 6260

AARDVARK TAX ONLINE

67782 E Palm Canyon Dr
Ste B104249
Cathedral City, CA 92234-5433
(Phone) 877-212-1384
www.aardvarktax.com/california
CTEC Provider #: 3083

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1717 Pennsylvania Ave., NW, Suite 1025
Washington, DC 20005
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<https://www.cpewarehouse.com>
CTEC Provider #: 6282

CA SOCIETY OF ENROLLED AGENTS

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(Phone) 916-366-6646
(Fax) 916-366-6674
www.csea.org
CTEC Provider #: 1001

CALIFORNIA SOCIETY OF TAX CONSULTANTS, INC.

PO Box 10
Manhattan Beach, CA 90267
(Phone) 949-715-4192
(Fax) 949-715-6931
www.cstcsociety.org
CTEC Provider #: 1000

CHECKPOINT LEARNING

3625 Brookside Pkwy, Suite 450
Alpharetta, GA 30022
(Phone) 571-329-4709
www.checkpointlearning.com
CTEC Provider #: 3039

101 EDUCATION SERVICES INC.

14100 Madison Ave Ne
Bainbridge Island, WA 98110
(Phone) 800-214-4307
(Fax) 877-674-9290
www.irstaxtraining.com
CTEC Provider #: 6224

ACCOUNTANT'S EDUCATION SERVICES/ CPE4U COLORADO

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

BOOKKEEPERS.COM LLC

3011 Sutton Gate Dr., Suite 210
Suwanee, GA 30024
(Phone) 678-926-3223
www.taxbiz.com
CTEC Provider #: 6283

CAL TAX SCHOOL

PO Box 892033
Temecula, CA 92589
(Phone) 877-900-4346
(Fax) 877-900-4310
www.CalTaxSchool.org
CTEC Provider #: 3055

CALIFORNIA TAX COURSES

4859 W. Slauson Ave #406
Los Angeles, CA 90056
(Phone) 888-909-6276
<https://cataxcourses.com/ctec-courses/ctec-60-hour-course/>
CTEC Provider #: 6280

COLLEGE OF SAN MATEO

1700 W. Hillsdale Blvd.
San Mateo, CA 94402
(Phone) 650-574-6161
www.collegeofsanmateo.edu/accounting
CTEC Provider #: 3025

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(Fax) 818-743-0551
www.clientwhys.com
CTEC Provider #: 1044

CPE SOLUTIONS, LLC

5701 E Hillsborough Ave
Suite #2459
Tampa, FL 33610
(Phone) 800-545-7601
(Fax) 813-662-3563
www.cpecredit.com
CTEC Provider #: 3063

DRAKE SOFTWARE

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

FAST FORWARD ACADEMY

3625 Brookside Pkwy Ste 450
Alpharetta, GA 30022
(Phone) 714-332-1514
www.fastforwardacademy.com
CTEC Provider #: 6209

FEDERAL DIRECT TAX SERVICES

11905 Pendleton Pike
Indianapolis, IN 46236
(Phone) 317-723-8873
(Fax) 317-252-0360
www.federaldirecttax.com
CTEC Provider #: 6245

GATEWAY TAX SERVICE

11200 Crenshaw Blvd
Inglewood, CA 90303
(Phone) 323-757-6900
(Fax) 310-496-0109
www.gatewaytaxservice.com
CTEC Provider #: 3058

GEAR UP

3625 Brookside Pkwy Ste 450
Alpharetta, GA 30022
(Phone) 571-329-4709
(Fax) 972-250-2972
www.checkpointlearning.com/gearup
CTEC Provider #: 1013

GLOBAL CPE NETWORK, LLC

3178 S Falkenburg Rd
Riverview, FL 33578
(Phone) 800-460-4110
(Fax) 813-612-4233
www.globalcpe.com
CTEC Provider #: 6233

GOLDEN STATE TAX TRAINING INSTITUTE, INC.

14100 Madison Avenue NE
Bainbridge Island, WA 98110
(Phone) 877-674-9290
(Fax) 877-674-3472
www.gstti.com
CTEC Provider #: 2040

H & R BLOCK TAX SERVICES, INC.

One H&R Block Way
Kansas City, MO 64105
(Phone) 816-854-4809
<https://hrblock.csod.com/default.aspx?c=seminar>
CTEC Provider #: 1040

HERA'S INCOME TAX SCHOOL

3705 W Pico Blvd
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(Phone) 877-300-6837
www.herasincometaxschool.com
CTEC Provider #: 2086

HISPANIC ASSOCIATION OF PROFESSIONAL SERVICES

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

HORIZON PLANNING

3954 Murphy Canyon Road, D105
San Diego, CA 92123
(Phone) 858-277-8780
(Fax) 858-277-4052
www.horizonplanning.com
CTEC Provider #: 6281

INTERNAL REVENUE SERVICE

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

INTERNAL REVENUE SERVICE – TAX FORUMS

1111 Constitution Avenue Nw
Washington, DC 20224
(Phone) 202-317-4246
CTEC Provider #: 6181

IRS STAKEHOLDER LIAISON

4330 Watt Avenue
Sacramento, CA 95821
(Phone) 470-719-6716
www.irs.gov/taxpros
CTEC Provider #: 1060

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

401 West Peachtree Street; NW Stop 54WI
Atlanta, GA 30308
(Phone) 559-443-7687
www.irs.gov/app/vita/
CTEC Provider #: 6238

JACKSON HEWITT TAX SERVICE

501 N. Cattlemen Road,
Suite 300
Sarasota, FL 34232
(Phone) 800-234-1040
www.jacksonhewitt.com
CTEC Provider #: 1009

L & R TAX TRAINING SCHOOL

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

LAMBERS, INC.

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Clearwater, FL 33764
(Phone) 800-272-0707
(Fax) 727-507-8380
www.lambers.com
CTEC Provider #: 6231

LATIN AMERICAN BUSINESS INSTITUTE

10614 S Federal Hwy
Port St Lucie, FL 34952
(Phone) 772-333-2423
(Fax) 772-800-7246
www.labitax.com
CTEC Provider #: 6269

LATINO TAX PROFESSIONALS ASSOCIATION

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

MY-CPE LLC

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Sugarland, TX 77478
(Phone) 646-688-5128
www.my-cpe.com
CTEC Provider #: 6273

NATIONAL ASSOCIATION OF ENROLLED AGENTS

1730 Rhode Island Avenue N.W.
Washington, DC 20036
(Phone) 202-822-6232
www.naea.org
CTEC Provider #: 6257

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NATIONAL ASSOCIATION OF TAX PROFESSIONALS

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

NATIONAL SOCIETY OF ACCOUNTANTS

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

NATIONAL SOCIETY OF TAX PROFESSIONALS

11700 NE 95th St, Ste 100
Vancouver, WA 98682
(Phone) 360-695-8309
(Fax) 360-695-7115
www.nsttp.org
CTEC Provider #: 2001

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3040 Seal Beach Blvd. Suite 300
Seal Beach, CA 90740
(Phone) 877-315-1772
(Fax) 877-317-9412
www.platinumprostudies.com
CTEC Provider #: 2052

PRONTO TAX SCHOOL, INC.

301 Government Center Dr., Suite 200
Wilmington, NC 28403
(Phone) 310-422-1283
www.prontotaxschool.com
CTEC Provider #: 6201

REFUNDS TODAY DBA NATIONAL TAX SCHOOL

225 Chastain Meadows Ct
Kennesaw, GA 30144
(Phone) 706-449-9017
www.Nationaltaxschool.net
CTEC Provider #: 3044

RIVERSIDE TAX CONSULTANTS ASSOCIATION

P.O. Box 5546
Riverside, CA 92517
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(Fax) 951-242-1039
www.rtcaweb.org
CTEC Provider #: 2036

SPIDELL PUBLISHING

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Anaheim, CA 92803
(Phone) 800-277-2257
www.caltax.com
CTEC Provider #: 1019

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Radnor, PA 19087
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(Fax) 610-688-3977
www.surgentcpe.com
CTEC Provider #: 6217

TAX LINK SEMINARS

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

TAX TALK TODAY

4401a Connecticut Avenue,
NW, 170
Washington, DC 20008
(Phone) 202-559-9330
(Fax) 202-559-9333
www.taxtalktoday.com
CTEC Provider #: 3022

TAXRESOURCES, INC.

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

THE INCOME TAX SCHOOL

201 N. King Of Prussia Rd.,
Suite 370
Radnor, PA 19087
(Phone) 610-994-9606
www.theincometaxschool.com
CTEC Provider #: 1071

THE TAX SCHOOL

2450 Washington Ave Ste 160
San Leandro, CA 94577
(Phone) 800-327-1040
(Fax) 800-426-2345
www.thetaxschool.com
CTEC Provider #: 1003

WEBCE

12222 Merit Dr, Suite 500
Dallas, TX 75251
(Phone) 877-488-9308
(Fax) 214-570-0213
<https://www.webce.com/cpe/tax-ce/ctec-ce>
CTEC Provider #: 6216

WESTERN CPE

2201 Baxter Lane #3987
Bozeman, MT 59772
(Phone) 800-822-4194
(Fax) 406-585-3144
www.westerncpe.com
CTEC Provider #: 2071

WOLTERS KLUWER, CCH CPE LINK

2700 Lake Cook Road
Riverwoods, IL 60015
(Phone) 800-344-3734
(Fax) 773-866-3084
<http://www.cchgroup.com>
CTEC Provider #: 1075

SCHOOLS APPROVED FOR QUALIFYING EDUCATION (60 HOURS)

101 EDUCATION SERVICES INC.

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Bainbridge Island, WA 98110
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(Fax) 877-674-9290
www.irstaxtraining.com
CTEC Provider #: 6224

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www.3isschool.com
CTEC Provider #: 6239

A & B OFFICE, INCOME TAX TRAINING SCHOOL

12432 Oxnard St.
North Hollywood, CA 91606
(Phone) 818-505-3537
(Fax) 818-308-8533
www.abeducate.com
CTEC Provider #: 1057

AROUND THE BLOCK TAX SERVICES

214 N. Palm Ave.
Ontario, CA 91762
(Phone) 909-458-1910
CTEC Provider #: 3094

CALIFORNIA TAX COURSES

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<https://cataxcourses.com/ctec-courses/ctec-60-hour-course/>
CTEC Provider #: 6280

CALIFORNIA TAX INSTITUTE

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Yorba Linda, CA 92886
(Phone) 800-995-1747
(Fax) 714-777-4267
www.californiataxinstitute.com
CTEC Provider #: 1022

CHAFFEY COLLEGE

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

COLLEGE OF SAN MATEO

1700 W. Hillsdale Blvd.
San Mateo, CA 94402
(Phone) 650-574-6161
www.collegeofsanmateo.edu/accounting
CTEC Provider #: 3025

COLLEGE OF THE DESERT

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

EVERGREEN VALLEY COLLEGE

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

FEDERAL DIRECT TAX SERVICES

11905 Pendleton Pike
Indianapolis, IN 46236
(Phone) 317-723-8873
(Fax) 317-252-0360
www.federaldirecttax.com
CTEC Provider #: 6245

FULLERTON COLLEGE, BUSINESS, CIS & ECONOMIC WORKFORCE DIVISION

321 E. Chapman Ave.
Fullerton, CA 92832
(Phone) 714-992-7201
www.fullcoll.edu
CTEC Provider #: 6267

GATEWAY TAX SERVICE

11200 Crenshaw Blvd
Inglewood, CA 90303
(Phone) 323-757-6900
(Fax) 310-496-0109
gatewaytaxservice.com
CTEC Provider #: 3058

GOLDEN STATE TAX TRAINING INSTITUTE, INC.

14100 Madison Avenue Ne
Bainbridge Island, WA 98110
(Phone) 877-674-9290
(Fax) 877-674-3472
www.gstti.com
CTEC Provider #: 2040

H & R BLOCK TAX SERVICES, INC.

One H&R Block Way
Kansas City, MO 64105
(Phone) 816-854-4809
<https://hrblock.csod.com/default.aspx?c=seminar>
CTEC Provider #: 1040

HORIZON PLANNING

3954 Murphy Canyon Road, D105
San Diego, CA 92123
(Phone) 858-277-8780
(Fax) 858-277-4052
www.horizonplanning.com
CTEC Provider #: 6281

JACKSON HEWITT TAX SERVICE

501 N. Cattlemen Road, Suite 300
Sarasota, FL 34232
(Phone) 800-234-1040
www.jacksonhewitt.com
CTEC Provider #: 1009

JDMAN TAX SCHOOL

2008 W. Carson St., Ste. 202
Torrance, CA 90501
(Phone) 310-755-1256
(Fax) 424-558-3249
CTEC Provider #: 6278

LATINO AMERICAN BUSINESS INSTITUTE

10614 S Federal Hwy
Port St Lucie, FL 34952
(Phone) 772-333-2423
(Fax) 772-800-7246
www.labitax.com
CTEC Provider #: 6269

LATINO TAX PROFESSIONALS ASSOCIATION

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

LIBERTY TAX SERVICE

500 Grapevine Hwy, Suite 402
Hurst, TX 76054
(Phone) 800-790-3863
www.libertytax.com
CTEC Provider #: 2097

MIRA COSTA COLLEGE BUSINESS DEPT.

Business Dept, 1 Barnard Drive
Oceanside, CA 92056-3899
(Phone) 760-757-2121 X6488
(Fax) 760-795-6770
www.miracosta.edu/Instruction/Accounting
CTEC Provider #: 1074

MODESTO JUNIOR COLLEGE

435 College Avenue, Founders Hall #100
Modesto, CA 95350
(Phone) 209-575-6129
<https://www.mjc.edu/instruction/bss/ctec.php>
CTEC Provider #: 6286

MORENO VALLEY COLLEGE

16130 Lasselle Street
Moreno Valley, CA 92551
(Phone) 951-571-6108
www.mvc.edu
CTEC Provider #: 6290

SCHOOLS APPROVED FOR QUALIFYING EDUCATION (60 HOURS)

MT. SAN ANTONIO COLLEGE

1100 North Grand Avenue
Walnut, CA 91789
(Phone) 909-274-6795
(Fax) 909-274-2936
www.mtsac.edu
CTEC Provider #: 6256

NORCO COLLEGE

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

PASADENA CITY COLLEGE

1570 E. Colorado Blvd. C121j
Pasadena, CA 91106
(Phone) 626-585-7945
(Fax) 818-242-3620
www.pasadena.edu
CTEC Provider #: 6185

PLATINUM PROFESSIONAL SERVICES, INC.

3040 Seal Beach Blvd. Suite 300
Seal Beach, CA 90740
(Phone) 877-315-1772
(Fax) 877-317-9412
www.platinumprostudies.com
CTEC Provider #: 2052

PRONTO TAX SCHOOL, INC.

301 Government Center Dr, Suite 200
Wilmington, NC 28403
(Phone) 310-422-1283
www.prontotaxschool.com
CTEC Provider #: 6201

RIVERSIDE CITY COLLEGE

4800 Magnolia Avenue
Riverside, CA 92506
(Phone) 951-222-8000
CTEC Provider #: 6289

SAN DIEGO MIRAMAR & MESA COMMUNITY COLLEGE

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

SANTA ANA COLLEGE

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

SANTA MONICA COLLEGE

1900 Pico Blvd.
Santa Monica, CA 90405
(Phone) 310-434-4846
(Fax) 310-434-3603
http://www.smc.edu/AcademicPrograms/BusinessDepartment/Pages/Tax_Preparation.aspx
CTEC Provider #: 6244

SIERRA COLLEGE

5100 Sierra College Blvd.
Rocklin, CA 95677
(Phone) 916-660-7800
www.sierracollege.edu
CTEC Provider #: 6287

SOUTHWESTERN COMMUNITY COLLEGE DISTRICT

900 Otay Lakes Road
Chula Vista, CA 91910
(Phone) 619-482-6376
(Fax) 619-482-6402
www.swccd.edu
CTEC Provider #: 6265

THE INCOME TAX SCHOOL

201 N. King Of Prussia Rd., Suite 370
Radnor, PA 19087
(Phone) 610-994-9606
www.theincometaxschool.com
CTEC Provider #: 1071

UNIVERSAL ACCOUNTING CENTER

12441 South 900 East, #120
Draper, UT 84020
(Phone) 801-265-3777
(Fax) 801-265-3798
www.universalaccounting.com
CTEC Provider #: 3060

VENETREAS CAVINESS DBA VEE'S CONSULTING 360

360 N Pacific Coast Highway, Suite 2000
El Segundo, CA 90245
(Phone) 833-234-8933
(Fax) 323-417-4742
www.veesconsulting360.com
CTEC Provider #: 6285

WEBCE

12222 Merit Dr, Suite 500
Dallas, TX 75251
(Phone) 877-488-9308
(Fax) 214-570-0213
<https://www.webce.com/cpe/tax-ce/ctec-ce>
CTEC Provider #: 6216

WOODLAND COMMUNITY COLLEGE

2300 E. Gibson Avenue
Woodland, CA 95776
(Phone) 530-661-5714
www.wcc.yccd.edu
CTEC Provider #: 6241



INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
California Tax Education Council, Inc.
Granite Bay, California

Opinion

We have audited the accompanying financial statements of California Tax Education Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statement of activities and change in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Tax Education Council as of June 30, 2023, and the changes in its net assets, its cash flows and its functional expenses, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California Tax Education Council, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about California Tax Education Council, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of California Tax Education Council, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about California Tax Education Council, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

The accompanying supplementary information included in page 28 is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Moore Messina Webb, LLP

Roseville, California

November 3, 2023

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED JUNE 30, 2023

| Assets | 2023 |
|---|--------------------------|
| Current assets | |
| Cash and cash equivalents - without restrictions | \$ 396,316 |
| Certificates of deposit | 510,574 |
| Prepaid expenses | 68 |
| Total current assets | <u>906,958</u> |
| Property and equipment, net of accumulated depreciation | - |
| Intangible assets, net of accumulated amortization | <u>91,730</u> |
| Total Assets | <u><u>\$ 998,688</u></u> |
| | |
| Liabilities and Net Assets | |
| Current liabilities | |
| Accounts payable | \$ 60,014 |
| Income tax payable | 827 |
| Sales tax payable | 40 |
| Total current liabilities and total liabilities | <u>60,881</u> |
| Net assets | |
| Net assets without donor restrictions | <u>937,807</u> |
| Total net assets without donor restrictions | <u>937,807</u> |
| Total Liabilities and Net Assets | <u><u>\$ 998,688</u></u> |

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2023

| Revenues | <u>2023</u> |
|--|--------------------------|
| Registration fees | \$ 1,282,908 |
| Late registration fees | 371,085 |
| Mailing list | 4,750 |
| Provider fees | 24,450 |
| Certificates | 690 |
| Other income | 555 |
| Interest income | 20,357 |
| Investment income (loss) | <u>7,854</u> |
| Total revenues | <u>1,712,649</u> |
| Program and Administrative Expenses | |
| Program services | |
| Communication and technology | 101,006 |
| Curriculum provider committee | 113,146 |
| Executive committee | 711 |
| Governmental relations committee | 438,417 |
| Public awareness committee | 558,114 |
| Tax preparer committee | 449,944 |
| Supporting services | |
| Audit oversight committee | 15,696 |
| Board activities | 168,142 |
| General and administrative | <u>125,321</u> |
| Total program and administrative expenses | <u>1,970,497</u> |
| Change in net assets, before income taxes | (257,848) |
| Income tax expense | <u>(1,120)</u> |
| Change in net assets and net income (loss) | (258,968) |
| Net Assets - Beginning of Fiscal Year | <u>1,196,775</u> |
| Net Assets - Ending of Fiscal Year | <u><u>\$ 937,807</u></u> |

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities:

| | |
|---|------------------|
| Change in net assets | \$ (258,968) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation and amortization | 33,164 |
| (Increase) decrease in prepaid expenses | 123 |
| Increase (decrease) in accounts payable | 15,059 |
| Increase (decrease) in sales tax payable | (55) |
| Increase (decrease) in income tax payable | 41 |
| Unrealized and realized loss (gain) on investments | (4,780) |
| Total adjustments | <u>43,552</u> |
| Net cash provided (used) by operating activities | <u>(215,416)</u> |

Cash flows from investing activities:

| | |
|---|----------------|
| Proceeds from the redemption of certificates of deposit | 750,000 |
| Purchase of certificates of deposit | (500,000) |
| Interest accrued on certificates of deposit | (9,528) |
| Net cash provided (used) by investing activities | <u>240,472</u> |

Cash flow from financing activities:

| | |
|--|----------|
| | <u>-</u> |
| Net cash provided (used) by financing activities | <u>-</u> |

Net increase (decrease) in cash and cash equivalents 25,056

Cash and cash equivalents:

| | |
|-------------------|--------------------------|
| Beginning of year | <u>371,260</u> |
| End of year | <u><u>\$ 396,316</u></u> |

Supplemental disclosure of cash flow information

| | |
|----------------------------|-----------------|
| Cash paid for income taxes | <u>\$ 1,179</u> |
|----------------------------|-----------------|

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

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

| | Communication & Technology | Curriculum Provider Committee | Governance Committee | Governmental Relations Committee | Public Awareness Committee | Tax Preparer Committee | Audit Oversight Committee | Board Activities | General and Administrative | Total Expenses |
|------------------------------|----------------------------|-------------------------------|----------------------|----------------------------------|----------------------------|------------------------|---------------------------|-------------------|----------------------------|---------------------|
| Accounting & Auditing | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 11,200 | \$ — | \$ — | \$ 11,200 |
| Advertising & Promotion | — | — | — | — | 385,347 | — | — | — | — | 385,347 |
| Amortization | — | 2,985 | — | — | 19,898 | 10,281 | — | — | — | 33,164 |
| Audit Review | — | 8,650 | — | — | — | — | — | — | — | 8,650 |
| Bank Service Charges | — | — | — | — | — | — | — | — | 12 | 12 |
| Credit Card Fees | — | — | — | — | — | 49,983 | — | — | — | 49,983 |
| Education and Training | — | — | — | — | — | — | — | — | 358 | 358 |
| Enforcement | — | — | — | 275,206 | — | — | — | — | — | 275,206 |
| Fees and Licenses | — | — | — | — | — | — | — | — | 200 | 200 |
| Insurance | 2,023 | — | — | — | — | — | — | — | 1,343 | 3,366 |
| Investment Account Fees | — | — | — | — | — | — | — | — | 1,281 | 1,281 |
| Legal Fees | 1,799 | — | — | — | — | — | — | — | 35,169 | 36,968 |
| Management Fee | 28,350 | 28,350 | — | 85,050 | 28,350 | 226,800 | — | 85,050 | 85,050 | 567,000 |
| Meetings & Conferences | — | — | 711 | — | — | — | — | 50,388 | — | 51,099 |
| Microsoft Cloud | 8,658 | — | — | — | — | — | — | — | — | 8,658 |
| Other Taxes and Penalties | — | — | — | — | — | — | — | 27 | 39 | 66 |
| Outside Consultants | 42,000 | 73,161 | — | 68,369 | 122,719 | 134,064 | — | — | — | 440,313 |
| Postage | — | — | — | — | — | 9,620 | — | 2 | 332 | 9,954 |
| Printing | — | — | — | 5,040 | — | 19,196 | 4,496 | — | 1,537 | 30,269 |
| Telephone and Fax | — | — | — | — | 1,800 | — | — | — | — | 1,800 |
| Travel | — | — | — | — | — | — | — | — | — | — |
| Mileage | — | — | — | 95 | — | — | — | 2,604 | — | 2,699 |
| Airfare | — | — | — | 1,389 | — | — | — | 3,454 | — | 4,843 |
| Cab | — | — | — | 97 | — | — | — | 811 | — | 908 |
| Hotel | — | — | — | 1,641 | — | — | — | 22,854 | — | 24,495 |
| Parking | — | — | — | 96 | — | — | — | 402 | — | 498 |
| Per Diem | — | — | — | 1,434 | — | — | — | 2,550 | — | 3,984 |
| Website and Database Updates | 19,975 | — | — | — | — | — | — | — | — | 19,975 |
| Total Expenses | \$ 101,006 | \$ 113,146 | \$ 711 | \$ 438,417 | \$ 558,114 | \$ 449,944 | \$ 15,696 | \$ 168,142 | \$ 125,321 | \$ 1,970,497 |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1. Organization and Significant Accounting Policies

Nature of Business

California Tax Education Council, Inc. ("CTEC or Organization") is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public purposes. The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The specific purpose of CTEC is to lessen the burdens of government by the organization and operation of the "California Tax Education Council," the quasi-public body established by California Business and Professions Code, Chapter 14, Tax Preparers, Section 22250-22259. As such, CTEC is responsible for (1) approving those tax curriculum providers who meet its standards and comply with its procedures and (2) issuing certificates of completion and statements of compliance as required under Section 22255 of the California Business and Professions Code.

CTEC registers tax preparers, the second largest segment of tax preparation professionals serving California, following certified public accountants and enrolled agents. Anyone who, for a fee, assists with or prepares a state or federal income tax return, excluding certified public accountants, attorneys, enrolled agents, enrolled actuaries, and certain financial institutions or their employees, must be registered with CTEC. The Organization is also charged with approving providers of tax education and maintaining and distributing to the public a list of those approved providers. CTEC registered 38,844 tax preparers for the year ended June 30, 2023.

Revenue and Expense Recognition

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenue is recognized when a completed initial or renewal application is received, the applicant has completed the required continuing education, and the required fee is received by the Organization. The Organization's significant revenue stream is as follows:

Registration Fees - Renewal or initial fees collected from CTEC Registered Tax Preparers ("CRTPs"). In order to become registered, preparers must successfully complete a 60-hour qualifying education course, pass a background check and live scan, have a current surety bond, and a valid Preparer Tax Identification Number issued by the Internal Revenue Service. After they have become registered, CRTPs must complete 20 hours of continuing education, annually. Renewal registration starts on August 1st of each year and ends October 31st. Extended registration starts on November 1st of the current year and ends January 15th the following year.

Expenses are recognized when incurred on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

1. Organization and Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization considers all short-term demand checking and savings accounts to be cash equivalents.

Investments

Excess cash is invested in Brokered Certificates of Deposit ("Brokered CDs"). Brokered CDs are certificates of deposit purchased through a brokerage firm or broker. These time-deposit savings products are similar to traditional CDs found at a bank, but they differ in that they are purchased and sold on the secondary market through a brokerage account. Unlike traditional CDs, Brokered CDs may be bought and sold before the maturity date.

The Organization maintains an investment brokerage account through Raymond James and Associates, Inc., which is managed by GSR Capital Management. Brokered CDs are purchased on a staggered schedule with maturities ranging from four months to one year to meet daily operating requirements as needed throughout the year. The Organization records Brokered CDs at cost plus accrued interest and unrealized gains and losses, which approximates market value.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(f) of the California Revenue and Taxation Code.

Although the functions and activities of the Organization are generally tax exempt, the Organization receives revenues from the sale of mailing lists of CTEC Registered Tax Preparers. To the extent such "unrelated" activities reflect a net profit, such net profit is reported as "unrelated business income" and is taxed at prevailing corporate tax rates. For the year ended June 30, 2023, the Organization had federal and state income tax expenses for unrelated business income of \$788 and \$332, respectively. Penalties for the year ended June 30, 2023 were \$39.

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. The Organization has considered its tax positions and believes that all of the positions taken by it on its federal and state exempt tax returns are more likely than not to be sustained upon examination. Generally, the Organization's federal returns for the years ended June 30, 2019 and thereafter and the Organization's California returns for the years ended June 30, 2018 and thereafter remain open to examination by the respective taxing authorities.

Equipment and Computer Software

All equipment and computer software are 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 or amortization) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

1. Organization and Significant Accounting Policies (continued)

Equipment and Computer Software (continued)

Depreciation and amortization are provided on the straight-line method over the estimated useful lives of assets as follows; Computer Equipment 5 years; Software 7-10 years.

Advertising and Public Relations Costs

The Organization expenses advertising and public relations costs on contracts spanning two year or less. These costs are used to inform the public that tax preparers must be registered in the State of California. The Organization uses an advertising and public relations firm for the purpose of informing the public about the requirements. Advertising and public relations cost for the year ended June 30, 2023, amounted to \$558,114.

Enforcement

The Organization 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 year ended June 30, 2023, enforcement expense amounted to \$275,206.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The allocated expenses include management fees and amortization which are allocated on the basis of estimates of time and effort. Other expenses were determined to be directly attributable to a specific category and were not allocated.

Sunset Provision Contingency

Business and Professions Code Section 22259(b), states "This chapter shall remain in effect only until January 1, 2024, and as of that date is repealed." The Governor signed SB 812 on September 8, 2023, extending sunset date to January 1, 2028.

Subsequent Events Review

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

2. Cash and Concentrations of Credit Risk

The Organization maintains cash accounts which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. To reduce the concentration of credit risk, the Organization purchases individual Brokered CDs which are held with various banking institutions with no single certificate exceeding the FDIC liability limit. Account balances may exceed federally insured limits periodically and as Brokered CDs mature. At June 30, 2023, the organization had funds which exceeded the FDIC liability limit by \$98,869.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

2. Cash and Concentrations of Credit Risk (continued)

The balance in cash and cash equivalents on June 30, 2023 include:

| | |
|---------------------------------|-------------------|
| Demand Deposits | \$ 347,949 |
| Money Market Funds | <u>48,367</u> |
| Total Cash and Cash Equivalents | <u>\$ 396,316</u> |

3. Brokered Certificates of Deposits

As discussed in Note 1, the Organization records its investments in Brokered CDs at cost plus accrued interest, and unrealized gains and losses as an approximation of market value. Market value of Brokered CDs as of June 30, 2023 consisted of the following:

| | |
|---|-------------------|
| PNC Bank, NA Wilmington, maturing 8/15/2023 | \$ 256,899 |
| WEX Bank Midvale, UT, maturing 7/7/2023 | <u>253,675</u> |
| Total market value of Brokered CDs | 510,574 |
| Add: unrealized losses | 280 |
| Less: accrued unpaid interest | <u>(10,854)</u> |
| Cash investment in Brokered CDs | <u>\$ 500,000</u> |

4. Fair Value Measurements

Fair Value Hierarchy

The Organization groups its assets and liabilities measured at fair value within three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. Valuations within these levels are based upon:

Level 1 - Quoted market prices for identical instruments traded in active exchange markets.

Level 2 - Quoted market prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which significant assumptions are observable or can be corroborated by observable market data.

Level 3 - Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Organization's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management judgment and estimation which may be significant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

4. Fair Value Measurements (continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in entirety. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Assets Recorded at Fair Value

There were no changes in the valuation techniques for the year ended June 30, 2023. The Organization is required or permitted to record the following assets at fair value on a recurring basis under other accounting pronouncements. The following table presents information about the Organization's assets and liabilities measured at fair value on a recurring basis:

| <u>Description</u> | <u>As of June 30, 2023</u> | | | |
|-------------------------|----------------------------|------------------|-------------------|----------------|
| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Money Market Fund | \$ 48,367 | \$ 48,367 | \$ - | \$ - |
| Certificate of Deposits | <u>510,574</u> | <u>-</u> | <u>510,574</u> | <u>-</u> |
| | <u>\$ 558,941</u> | <u>\$ 48,367</u> | <u>\$ 510,754</u> | <u>\$ -</u> |

5. Property and Equipment

Property and equipment at June 30, 2023 consisted of the following:

| | |
|--|-----------------|
| Computer equipment | \$ 22,905 |
| Less accumulated depreciation | <u>(22,905)</u> |
| Property and equipment, net accumulated depreciation | <u>\$ -</u> |

For the year ended June 30, 2023, depreciation expense totaled \$0.

6. Intangible Assets

Intangible assets at June 30, 2023 consisted of the following:

| | |
|---|-------------------|
| Computer software | \$ 378,912 |
| Less accumulated amortization | <u>(254,018)</u> |
| Intangible assets, net accumulated amortization | <u>\$ 124,894</u> |

For the year ended June 30, 2023, amortization expense totaled \$33,164.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

7. Intangible Assets (continued)

Amortization is taken over an estimated useful life of seven to ten years. Future estimated aggregate amortization expense is as follows:

| | | |
|---------------|----|---------------|
| June 30, 2024 | \$ | 33,152 |
| June 30, 2025 | | 26,484 |
| June 30, 2026 | | 10,698 |
| June 30, 2027 | | 10,698 |
| June 30, 2028 | | <u>10,698</u> |
| Total | \$ | <u>91,730</u> |

8. Management Company

Advocation Strategies, Inc. ("Management Company"), provides management services for the Organization, under an agreement approved by the Board of Directors, budgeted, and renewed each year. The Management Company is paid a flat fee and is responsible for all of the Organization's daily operations. Payment is made monthly in the amount of \$47,250.

The management fee includes all the Management Company's employee related costs. CTEC has no employees.

9. Liquidity

As of June 30, 2023, the Organization has no legal or donor restrictions on any financial assets. Because the Organization collects the majority of its revenue between August 1st of any current year and January 15th of the following year, it is anticipated the Organization will use cash on hand and maturities from certificates of deposit to fund general expenses during the period wherein there is no revenue flowing into the Organization. The Organization has no existing debt, other than accounts payable, nor does the Organization have any long-term commitments.

SUPPLEMENTAL INFORMATION

California Tax Education Council, Inc
Statement of Activities and Change in Net Assets
Budget to Actual
Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over Budget (Under Budget)</u> |
|--|---------------------|---------------------|--|
| Revenues | | | |
| Registration fees | \$ 1,356,000 | \$ 1,282,908 | \$ (73,092) |
| Late registration fees | 364,500 | 371,085 | 6,585 |
| Mailing list | 3,500 | 4,750 | 1,250 |
| Provider fees | 31,400 | 24,450 | (6,950) |
| Certificates | 500 | 690 | 190 |
| Other income | 400 | 555 | 155 |
| Interest income | 6,125 | 20,357 | 14,232 |
| Investment income (loss) | - | 7,854 | 7,854 |
| Total revenues | <u>\$ 1,762,425</u> | <u>\$ 1,712,649</u> | <u>\$ (49,776)</u> |
| Program and Administrative Expenses | | | |
| Program services | | | |
| Communication and technology | \$ 76,500 | \$ 101,006 | \$ 24,506 |
| Curriculum provider committee | 126,225 | 113,146 | (13,079) |
| Executive committee | 6,250 | 711 | (5,539) |
| Governmental relations committee | 524,500 | 438,417 | (86,083) |
| Public awareness committee | 511,233 | 558,114 | 46,881 |
| Tax preparer committee | 185,000 | 449,944 | 264,944 |
| Supporting services | | | |
| Audit oversight committee | 19,500 | 15,696 | (3,804) |
| Bylaws committee | 250 | - | (250) |
| Budget and finance committee | 250 | - | (250) |
| Board activities | 120,000 | 168,142 | 48,142 |
| General and administrative | 628,500 | 125,321 | (503,179) |
| Total program and administrative expenses | <u>\$ 2,198,208</u> | <u>\$ 1,970,497</u> | <u>\$ (227,711)</u> |