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**MULTISTATE TAX COMMISSION**

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

**For the Years Ended  
June 30, 2024 and 2023**

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**LSWG**

**CERTIFIED PUBLIC ACCOUNTANTS  
& BUSINESS ADVISORS**

**MULTISTATE TAX COMMISSION**  
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**For the Years Ended June 30, 2024 and 2023**

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## **Independent Auditor's Report**

To the Executive Committee of  
Multistate Tax Commission

### **Opinion**

We have audited the accompanying financial statements of Multistate Tax Commission, which comprise the balance sheets as of June 30, 2024 and 2023, and the related statements of revenue and expenses and changes in fund balance - unappropriated funds, changes in fund balance - appropriated funds, changes in fund balance - restricted funds, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Multistate Tax Commission as of June 30, 2024 and 2023, and the changes in its fund balances and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

*LSWG, P.A.*

Rockville, Maryland  
July 11, 2025

**MULTISTATE TAX COMMISSION**

**Balance Sheets**

**June 30,**

**ASSETS**

	<u>2024</u>	<u>2023</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 681,985	\$ 736,458
Accounts receivable	98,555	70,645
Prepaid expenses	88,748	194,676
Total Current Assets	<u>869,288</u>	<u>1,001,779</u>
<b>Property and Equipment - at Cost</b>		
Office furniture and equipment	505,594	484,853
Leasehold improvements	429,396	429,396
Less: accumulated depreciation and amortization	<u>(764,348)</u>	<u>(678,205)</u>
Property and Equipment - Net	170,642	236,044
<b>Other Assets</b>		
Investments	5,431,075	4,964,234
Expense account advances	-	5,200
Deposits	335	335
Right of use asset	<u>4,001,625</u>	<u>1,247,772</u>
Total Other Assets	<u>9,433,035</u>	<u>6,217,541</u>
<b>TOTAL ASSETS</b>	<u>\$ 10,472,965</u>	<u>\$ 7,455,364</u>

The accompanying notes are an integral part of these statements.

**MULTISTATE TAX COMMISSION**  
**Balance Sheets (Continued)**  
**June 30,**

**LIABILITIES AND FUND BALANCES**

	<u>2024</u>	<u>2023</u>
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 993	\$ 15,226
Accrued salaries and vacation pay	619,403	600,812
Unearned membership, program and registration fees	27,339	261,530
Operating lease liability - current portion	<u>-</u>	<u>366,237</u>
Total Current Liabilities	647,735	1,243,805
 <b>Long-Term Liabilities</b>		
Operating lease liability - net of current portion	<u>4,064,791</u>	<u>962,867</u>
Total Long-Term Liabilities	<u>4,064,791</u>	<u>962,867</u>
 Total Liabilities	4,712,526	2,206,672
 <b>Fund Balances</b>		
Unappropriated	3,879,846	3,421,829
Appropriated	654,749	654,749
Restricted	<u>1,225,844</u>	<u>1,172,114</u>
Total Fund Balances	<u>5,760,439</u>	<u>5,248,692</u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <u>\$ 10,472,965</u>	 <u>\$ 7,455,364</u>

The accompanying notes are an integral part of these statements.

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

	<u>2024</u>	<u>2023</u>
<b>Revenue - Unappropriated</b>		
Membership assessments and program fees- net of discount	\$ 7,342,776	\$ 6,820,001
Interest and dividends	284,362	268,976
Unrealized gain (loss) on investments	32,479	(217,973)
Other income (loss)		
Training fees	36,290	105,180
Conference fees	40,205	23,850
Loss on disposal of equipment	-	(786)
Miscellaneous	4,749	2,897
	<hr/>	<hr/>
Total Revenue	7,740,861	7,002,145
<b>Expenses - Unappropriated</b>		
Auditing and payroll services	16,674	18,608
Business insurance	23,231	16,850
Catering and audio-visual	206,971	219,380
Depreciation	66,771	76,373
Employee benefits	953,756	940,478
Payroll taxes	180,911	181,148
Miscellaneous	174,154	23,785
Consumable and durable supplies	34,753	26,761
Postage	4,688	9,244
Printing and duplicating	3,981	3,650
Professional services	145,089	110,268
Internet access	57,075	54,803
Rent	363,156	347,797
Repairs and maintenance	9,843	7,463
Defined contribution plans	425,984	420,847
Salaries	4,398,688	4,330,947
Software licenses	-	96,507
Staff training	17,715	14,354
Subscriptions, publications, dues	112,007	137,554
Telephone	37,319	40,165
Travel	212,520	243,259
Allocation of administrative expenses	(162,442)	(162,456)
	<hr/>	<hr/>
Total Expenses	\$ 7,282,844	\$ 7,157,785

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

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

	<u>2024</u>	<u>2023</u>
<b>Excess of Revenue Over (Under) Expenses</b>	\$ 458,017	\$ (155,640)
<b>Transfer (to) from Appropriated Fund Balance</b>	-	21,172
<b>FUND BALANCE - Unappropriated - Beginning of Year</b>	<u>3,421,829</u>	<u>3,556,297</u>
<b>FUND BALANCE - Unappropriated - End of Year</b>	<u>\$ 3,879,846</u>	<u>\$ 3,421,829</u>

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

**MULTISTATE TAX COMMISSION**  
**Statements of Changes in Fund Balance**  
**Appropriated Funds**  
**For the Years Ended**  
**June 30, 2024 and 2023**

	<b>Equipment Reserve</b>	<b>Enterprise Automation Project</b>	<b>Total</b>
Fund Balance - June 30, 2022	\$ 120,206	\$ 555,715	\$ 675,921
Transfer from Unappropriated Fund Balance	36,131	-	36,131
Transfer to Unappropriated Fund Balance	<u>(57,303)</u>	<u>-</u>	<u>(57,303)</u>
Net Amount Transferred (To) From Unappropriated Fund Balance	<u>(21,172)</u>	<u>-</u>	<u>(21,172)</u>
Fund Balance - June 30, 2023	99,034	555,715	654,749
Transfer from Unappropriated Fund Balance	-	-	-
Transfer to Unappropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net Amount Transferred (To) From Unappropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2024	<u>\$ 99,034</u>	<u>\$ 555,715</u>	<u>\$ 654,749</u>

The accompanying notes are an integral part of these statements.

**MULTISTATE TAX COMMISSION**  
**Statements of Changes in Fund Balance**  
**Restricted Funds**  
**For the Years Ended**  
**June 30, 2024 and 2023**

	<b>National Nexus <u>Program</u></b>	<b><u>Total</u></b>
Fund Balance - June 30, 2022	\$ 1,200,517	\$ 1,200,517
Revenue	886,984	886,984
Expenses	<u>915,387</u>	<u>915,387</u>
Revenue Over (Under) Expenses	<u>(28,403)</u>	<u>(28,403)</u>
Fund Balance - June 30, 2023	1,172,114	1,172,114
Revenue	930,844	930,844
Expenses	<u>877,114</u>	<u>877,114</u>
Revenue Over (Under) Expenses	<u>53,730</u>	<u>53,730</u>
Fund Balance - June 30, 2024	<u>\$ 1,225,844</u>	<u>\$ 1,225,844</u>

The accompanying notes are an integral part of these statements.

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

	<u>2024</u>	<u>2023</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows From Operating Activities</b>		
Excess of revenue over (under) expenses	\$ 511,747	\$ (184,043)
Adjustments to reconcile excess of revenue over (under) expenses to net cash provided by operating activities		
Depreciation	86,143	95,144
Unrealized (gain) loss on investments	(32,479)	217,973
Loss on disposal of equipment	-	786
Amortization of right of use operating lease asset	380,469	375,398
Changes in assets and liabilities		
Accounts receivable	(27,910)	(70,645)
Prepaid expenses	105,928	19,865
Expense account advances	5,200	(400)
Accounts payable and accrued expenses	(14,234)	(49,302)
Accrued salaries and vacation pay	18,591	39,196
Operating lease liability	(398,635)	(398,635)
Unearned membership, program and registration fees	(234,191)	23,683
Net Cash Provided by Operating Activities	<u>400,629</u>	<u>69,020</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(20,740)	(65,617)
Purchase of investments	(4,059,362)	(3,433,977)
Proceeds from sale of investments	<u>3,625,000</u>	<u>3,350,100</u>
Net Cash (Used in) Investing Activities	<u>(455,102)</u>	<u>(149,494)</u>
Net (Decrease) in Cash and Cash Equivalents	(54,473)	(80,474)
Cash and Cash Equivalents - Beginning of Year	<u>736,458</u>	<u>816,932</u>
Cash and Cash Equivalents - End of Year	<u>\$ 681,985</u>	<u>\$ 736,458</u>
<b>Supplemental Disclosures</b>		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>
<b>Supplemental Schedule of Noncash Investing Activities:</b>		
Operating lease liabilities arising from new right of use operating lease assets	<u>\$ 3,089,910</u>	<u>\$ 1,684,990</u>

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

**MULTISTATE TAX COMMISSION**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

**1. Nature of Organization and Summary of Significant Accounting Policies**

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

**Cash Equivalents**

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

**Accounts Receivable**

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

**Property and Equipment**

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

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

**Income Taxes**

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

**MULTISTATE TAX COMMISSION**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

**1. Summary of Significant Accounting Policies (continued)**

**Revenue Recognition**

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

**Fair Value**

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

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

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

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

**MULTISTATE TAX COMMISSION**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

**1. Summary of Significant Accounting Policies (continued)**

**Fair Value (continued)**

The following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used as of June 30, 2024 and 2023.

- *Mutual funds* – stated at fair value based on quoted market prices. The mutual funds held by the Organization are deemed to be actively traded.
- *Government money fund* – fair value is based on the transaction net asset value (NAV). The NAV is calculated using the amortized cost method of accounting to value fund securities.

**Lease Accounting**

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

The Commission has elected a policy not to apply the standard to short-term leases, those leases that have a maximum term of 12 months or less and do not include a purchase option that is reasonably certain to be exercised. The Commission has chosen to separate lease and non-lease components in determining the ROU asset and lease liability; therefore, charges for common area maintenance (CAM) have not been included with the ROU asset and lease liability on the Balance Sheets. In addition, the Commission has applied the practical expedient which allows the use of a risk-free rate to determine the present value of the lease liability. The Commission has chosen not to apply Topic 842 to low value assets. Additional information regarding leasing is included in Note (3).

**Adoption of New Accounting Standard**

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model.

**MULTISTATE TAX COMMISSION**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

**1. Summary of Significant Accounting Policies (continued)**

**Adoption of New Accounting Standard (continued)**

Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Commission that are subject to the guidance in FASB ASC 326 is accounts receivable. The Commission adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

**2. Defined Contribution Plans**

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

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

The total expense relating to the defined contribution plans for the years ended June 30, 2024 and 2023 was \$473,055 and \$467,850, respectively.

**3. Commitments**

The Commission signed an operating lease for its office facility in Washington, D.C., under a lease agreement expiring July 31, 2020. In March 2018, the Commission amended its Washington D.C. lease to increase the office space and extend the lease to December 31, 2026. In June 2024, the Commission amended its Washington D.C. lease to extend the lease to December 31, 2036. The rent for the first fifteen months has been abated. The Commission was given a renovation allowance of \$341,000, which must be used by June 30, 2026. The terms of the lease allow \$136,400 of the renovation allowance to be used for base rent.

**MULTISTATE TAX COMMISSION**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

**3. Commitments (continued)**

At June 30, 2024 and 2023, the operating lease liability consists of the following:

	<u>2024</u>	<u>2023</u>
Current portion of operating lease liability	\$ -	\$ 366,237
Long-term portion of operating lease liability	<u>4,064,791</u>	<u>962,867</u>
Total operating lease liability	<u>\$ 4,064,791</u>	<u>\$ 1,329,104</u>

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

2025	\$ -
2026	-
2027	465,619
2028	477,468
2029	489,403
Thereafter	<u>4,083,816</u>
Total undiscounted cash flows	5,516,306
Less: present value discount	<u>(1,451,515)</u>
Total Operating Lease Liability	<u>\$ 4,064,791</u>

In March 2021, the Commission signed an operating lease agreement for temporary use of office space in Kentucky for a one year period ending March 31, 2022. This lease was amended to extend the lease to March 31, 2024. The Kentucky lease was a short term lease and therefore not included in the lease standard described above. This lease was not renewed and is now on a month-to-month basis.

Lease expense was \$384,759 and \$375,398 for the years ended June 30, 2024 and 2023, respectively which are included in “rent” expense on the Statements of Revenue and Expenses and Changes in Fund Balance – Unappropriated Funds.

Additional information regarding this lease is summarized below:

Weighted-average remaining lease term	12.5
Weighted-average discount rate	4.24%

**MULTISTATE TAX COMMISSION**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

**4. Appropriated Fund Balances**

The Commission's Executive Committee authorized the Enterprise Automation Project fund in the amount of \$73,000 during the year ended June 30, 1997. An additional \$882,218 has been authorized in subsequent years. The purpose of this fund is to provide support, through professional services, for developing enterprise-wide applications for managing the Commission information resources in a manner that enhances its operations. As of June 30, 2024 and 2023, the Enterprise Automation Project fund balance was \$555,715.

The Commission's Executive Committee authorized the Equipment Reserve fund in the amount of \$17,500 during the year ended June 30, 2009. An additional \$116,000 has been authorized in subsequent years. The purpose of this fund is to provide support for purchases of computer equipment for the Commission's audit program and information technology department. As of June 30, 2024 and 2023, the Equipment Reserve fund balance was \$99,034.

**5. Restricted Fund Balances**

During the year ended June 30, 1992, the National Nexus program was established. This program, funded by participating states, aims to encourage and secure taxpayer compliance with current state laws, a liability resolution process, and information sharing among member states. The contributions received from the participating states are restricted for this purpose. As of June 30, 2024 and 2023, the National Nexus program fund balances were \$1,225,844 and \$1,172,114, respectively.

**6. Deferred Compensation Plan**

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

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

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

**MULTISTATE TAX COMMISSION**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

**7. Investments**

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

<b>2024</b>					
<b>NAV Based</b>					
	<u><b>Level 1</b></u>	<u><b>Level 2</b></u>	<u><b>Level 3</b></u>	<u><b>Assets</b></u>	<u><b>Total</b></u>
Mutual funds	\$ 4,132,460	\$ -	\$ -	\$ -	\$4,132,460
Money market funds	-	-	-	1,298,615	1,298,615
	<u>\$ 4,132,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,298,615</u>	<u>\$5,431,075</u>

  

<b>2023</b>					
<b>NAV Based</b>					
	<u><b>Level 1</b></u>	<u><b>Level 2</b></u>	<u><b>Level 3</b></u>	<u><b>Assets</b></u>	<u><b>Total</b></u>
Mutual funds	\$ 3,953,027	\$ -	\$ -	\$ -	\$3,953,027
Money market funds	-	-	-	1,011,207	1,011,207
	<u>\$ 3,953,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,011,207</u>	<u>\$4,964,234</u>

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

**8. Allocation of Administrative Expenses**

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

**9. Use of Estimates**

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

**MULTISTATE TAX COMMISSION**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

**10. Concentration of Credit Risk**

Cash held by the Commission in bank accounts may at times exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit. Management believes the Commission is not exposed to any significant credit risk related to cash. As of June 30, 2024 and 2023, the Commission's uninsured cash balances were \$430,897 and \$477,673, respectively.

The Commission maintains a money market account with an investment company that is not insured by FDIC. The balance of the money market account at June 30, 2024 and 2023 was \$1,298,615 and \$1,011,207, respectively.

**11. Liquidity and Availability of Financial Assets**

The following table reflects the Commission's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

	<u>2024</u>	<u>2023</u>
Financial Assets:		
Cash and cash equivalents	\$ 681,985	\$ 736,458
Accounts receivable	98,555	70,645
Investments	<u>5,431,075</u>	<u>4,964,234</u>
	6,211,615	5,771,337
Less those unavailable for general expenditures within one year due to:		
Appropriated fund balances	(654,749)	(654,749)
Restricted fund balances	<u>(1,225,844)</u>	<u>(1,172,114)</u>
Financial Assets Available to Meet Cash Needs for General Expenses within One Year	<u>\$ 4,331,022</u>	<u>\$ 3,944,474</u>

The Commission's primary source of support is derived from membership assessments. The Commission's Executive Committee does not intend to incur or commit to any expenses or liabilities that cannot be paid out of then-existing liquid financial assets of the Commission, without reliance on future income.

**MULTISTATE TAX COMMISSION**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

**12. Subsequent Events**

Management has evaluated subsequent events through July 11, 2025, the date that the financial statements were available to be issued. There were no significant events to report.

**SUPPLEMENTARY INFORMATION**



## **Independent Auditor's Report on Supplementary Information**

To the Executive Committee of  
Multistate Tax Commission

We have audited the financial statements of Multistate Tax Commission as of and for the year ended June 30, 2024, and our report thereon dated July 11, 2025, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*LSWG, P.A.*

Rockville, Maryland  
July 11, 2025

**MULTISTATE TAX COMMISSION**  
**Schedule of Expenses**  
**For the Year Ended June 30, 2024**

	<u>Unappropriated and Appropriated Funds</u>				<u>Restricted Funds</u>			
	<u>General Expenses</u>	<u>Audit Program</u>	<u>Administrative Expenses</u>	<u>Training and Education</u>	<u>Total Unappropriated and Appropriated Funds</u>	<u>National Nexus Program</u>	<u>Total Restricted Funds</u>	<u>Total All Funds</u>
Auditing and payroll services	\$ 12,556	\$ -	\$ 4,118	\$ -	\$ 16,674	\$ -	\$ -	\$ 16,674
Business insurance	-	-	23,231	-	23,231	-	-	23,231
Catering and audio-visual	173,340	27,990	4,141	1,500	206,971	27,990	27,990	234,961
Depreciation	-	-	66,771	-	66,771	19,372	19,372	86,143
Employee benefits	155,300	680,252	118,204	-	953,756	74,402	74,402	1,028,158
Payroll taxes	47,547	109,863	23,501	-	180,911	10,643	10,643	191,554
Miscellaneous	8,191	20,859	108,212	36,892	174,154	-	-	174,154
Consumable and durable supplies	2,529	2,735	28,972	517	34,753	1,616	1,616	36,369
Postage	115	923	3,188	462	4,688	32	32	4,720
Printing and duplicating	-	-	-	3,981	3,981	-	-	3,981
Professional services	2,625	-	126,533	15,931	145,089	56	56	145,145
Internet access	8,666	25,614	22,795	-	57,075	-	-	57,075
Rent	118,764	-	244,392	-	363,156	118,764	118,764	481,920
Repairs and maintenance	-	-	9,843	-	9,843	129	129	9,972
Defined contribution plans	91,991	268,449	65,544	-	425,984	47,071	47,071	473,055
Salaries	1,029,652	2,730,979	638,057	-	4,398,688	405,006	405,006	4,803,694
Software licenses	-	-	-	-	-	-	-	-
Staff training	14,826	389	2,500	-	17,715	-	-	17,715
Subscriptions, publications, dues	104,224	5,801	752	1,230	112,007	2,755	2,755	114,762
Telephone	12,374	16,722	8,223	-	37,319	3,248	3,248	40,567
Travel	115,272	58,921	29,611	8,716	212,520	3,588	3,588	216,108
Allocation of administrative expenses	443,424	922,722	(1,528,588)	-	(162,442)	162,442	162,442	-
<b>Total Expenses</b>	<u>\$ 2,341,396</u>	<u>\$ 4,872,219</u>	<u>\$ -</u>	<u>\$ 69,229</u>	<u>\$ 7,282,844</u>	<u>\$ 877,114</u>	<u>\$ 877,114</u>	<u>\$ 8,159,958</u>

The accompanying notes are an integral part of this schedule.

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FREDERICK • ROCKVILLE

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