

**TCC TAX CREDIT COALITION**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 and 2012**



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## Independent Auditors' Report

Steering Committee  
TCC Tax Credit Coalition

We have audited the accompanying statements of net position of the TCC Tax Credit Coalition, Pennsylvania, as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the TCC Tax Credit Coalition's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

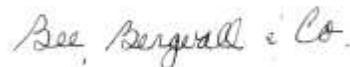
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the TCC Tax Credit Coalition, Pennsylvania, as of December 31, 2013 and 2012, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

TCC Tax Credit Coalition, Pennsylvania has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.



Bee, Bergvall & Company, P.C.  
Certified Public Accountants

April 28, 2014

TCC TAX CREDIT COALITION

Statements of Net Position

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 101	\$ 9,252
Assessments Receivable	<u>2,049</u>	<u>5,600</u>
Total Current Assets	<u>2,150</u>	<u>14,852</u>
TOTAL ASSETS	<u>\$ 2,150</u>	<u>\$ 14,852</u>
 <b>LIABILITIES AND NET POSITION</b>		
Current Liabilities		
Accrued Expenses	\$ 1,150	\$ 1,000
Due to Bucks TCC	<u>1,000</u>	<u>-</u>
Total Current Liabilities	<u>2,150</u>	<u>1,000</u>
Net Position		
Unrestricted	<u>-</u>	<u>13,852</u>
Total Net Position	<u>-</u>	<u>13,852</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,150</u>	<u>\$ 14,852</u>

See auditors' report and accompanying notes to financial statements

TCC TAX CREDIT COALITION

Statements of Activities

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating Expenses		
Legal	\$ 14,751	\$ 70,148
Auditing	<u>1,150</u>	<u>1,000</u>
Total Operating Expenses	<u>15,901</u>	<u>71,148</u>
Operating Revenues		
Assessments	<u>2,049</u>	<u>85,000</u>
Total Operating Revenues	<u>2,049</u>	<u>85,000</u>
Increase (Decrease) in Net Position	<u>(13,852)</u>	<u>13,852</u>
Net Position, Beginning of Year	<u>13,852</u>	<u>-</u>
Net Position, End of Year	<u>\$ -</u>	<u>\$ 13,852</u>

See auditors' report and accompanying notes to financial statements

TCC TAX CREDIT COALITION

Statements of Cash Flows

For the Year Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from assessments	\$ 5,600	\$ 79,400
Cash paid for operating expenses	<u>(14,751)</u>	<u>(70,148)</u>
Net cash provided by (used in) operating activities	<u>(9,151)</u>	<u>9,252</u>
Net increase (decrease) in cash and cash equivalents	(9,151)	9,252
Cash and cash equivalents, at beginning of year	<u>9,252</u>	<u>-</u>
Cash and cash equivalents, at end of year	<u>\$ 101</u>	<u>\$ 9,252</u>

Reconciliation of Increase (Decrease) in Net Position to Net Cash  
Provided by (Used In) Operating Activities

Increase (decrease) in net position	<u>\$ (13,852)</u>	<u>\$ 13,852</u>
Adjustments to reconcile increase (decrease) in net position to net cash provided by (used in) operating activities:		
(Increase) decrease in assessments receivable	3,551	(5,600)
Increase (decrease) in due to Bucks TCC	1,000	-
Increase (decrease) in accrued expenses	<u>150</u>	<u>1,000</u>
Total adjustments	<u>4,701</u>	<u>(4,600)</u>
Net cash provided by (used in) operating activities	<u>\$ (9,151)</u>	<u>\$ 9,252</u>

See auditors' report and accompanying notes to financial statements

# TCC TAX CREDIT COALITION

## Notes to Financial Statements

December 31, 2013 and 2012

### **I. Summary of Significant Accounting Policies**

#### ***A. Reporting Entity***

The TCC Tax Credit Coalition (the “Coalition”) is a government entity created and organized on March 30, 2012 which consists of the Tax Collection Committees for Berks, Bucks, Chester, Lancaster and Montgomery Counties (the “TCC’s”). The Coalition was formed for the purpose of cooperating in obtaining legal services to assist the TCC’s in resolving any disputes involving the legality of the apportionment method as used in determining the tax credit for taxpayers who reside in the TCC’s tax collection districts and who earn income which is also subject to the Philadelphia local earned income tax established by the Sterling Act. The Coalition was formed to institute legal action in relation to this specific issue that concluded during 2013. During 2014, the Coalition intends to cease operations and will be an inactive entity.

#### ***B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent 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.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues and expenses are distinguished from non-operating items in the statement of revenues, expenses and changes in net position. Operating revenues and expenses result from providing services in connection with principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, the policy is to use restricted resources first, then unrestricted resources as they are needed.

TCC TAX CREDIT COALITION

Notes to Financial Statements

December 31, 2013 and 2012

**I. Summary of Significant Accounting Policies (Continued)**

**C. *Assets, Liabilities, and Net Position***

**1. *Deposits and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. At December 31, 2013 the Coalition held no investments.

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. The Coalition's carrying amount of deposits was \$101 and the bank balance was \$101 at December 31, 2013. The entire bank balance was covered by depository insurance.

**2. *Assessments Receivable***

Assessments receivable consist of assessments related to the 2013 fiscal year which were not received at December 31, 2013.

**3. *Accrued Expenses***

Accrued expenses consist of expense amounts related to the 2013 fiscal year which were unpaid at December 31, 2013.

**4. *Net Position***

Net position is the difference between the entity's assets and liabilities.

**II. Stewardship, Compliance, and Accountability**

**A. *Governing Body***

The governing body of the Coalition is a Steering Committee that consists of one representative from each member TCC. All actions taken by the Steering Committee shall be by majority vote of all Committee members, with each TCC entitled to a vote proportional to its allocated share of the TCC Tax Credit litigation costs.

## TCC TAX CREDIT COALITION

### Notes to Financial Statements

December 31, 2013 and 2012

## **II. Stewardship, Compliance, and Accountability (Continued)**

### ***B. Budgetary Information***

Annual budgets are adopted on the accrual basis of accounting, which is consistent with Generally Accepted Accounting Principles (GAAP).

The following procedures are used in establishing the budgetary data reflected in the supplemental information:

1. The Steering Committee of the Coalition assists the Treasurer in preparation of the preliminary budget.
2. The proposed budget is distributed to the Steering Committee at least 60 days prior to the meeting scheduled for adoption of the budget.
3. The budget for the forthcoming fiscal year is adopted before the end of the current fiscal year.
4. All budget revisions require the approval of the Steering Committee.
5. The budget may be amended at any Steering Committee meeting.
6. Budgetary control is maintained at the account level.

## **III. Other Information**

### ***A. Funding and Allocation of Costs***

The Coalition was funded by an initial assessment payment made by the five TCC members based on an estimate of the amount of expenses to be incurred. The initial assessment and any future assessments for additional expenses are allocated as follows:

- Bucks TCC 25%
- Chester TCC 25%
- Montco TCC 25%
- Berks TCC 16%
- Lancaster TCC 9%

### ***B. Donated Services***

During 2013 and 2012, the following services were provided at no cost by members of the Coalition: Bookkeeping, Solicitor, office space and meeting space.

### ***C. Subsequent Events***

The Coalition has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the statements were available for release.

**REQUIRED SUPPLEMENTAL INFORMATION**

TCC TAX CREDIT COALITION

Budget to Actual Comparison

For the Year Ended December 31, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance over (under)</u>
Operating Revenues			
Assessment fees	<u>\$ 5,600</u>	<u>\$ 2,049</u>	<u>\$ (3,551)</u>
Operating Expenses			
Legal	10,000	14,751	4,751
Auditing	<u>-</u>	<u>1,150</u>	<u>1,150</u>
Total Operating Expenses	<u>10,000</u>	<u>15,901</u>	<u>5,901</u>
Operating Income (Loss)	<u>(4,400)</u>	<u>(13,852)</u>	<u>(9,452)</u>
Change in Net Position	(4,400)	(13,852)	(9,452)
Net Position, Beginning of Year	<u>9,252</u>	<u>13,852</u>	<u>4,600</u>
Net Position, End of Year	<u>\$ 4,852</u>	<u>\$ -</u>	<u>\$ (4,852)</u>

See auditors' report and accompanying notes to financial statements