

audit report

The leading source for equity solutions to state and local government

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QUESTIONS for the founder of TMA

HOW WE STARTED

all new design

2014

- how was our year?
- potential growth?

Tax Management Associates, Inc.





increasing our footprint

Review of 2014 by Tax Management Associate's CEO | by Chip Cooke

"Life moves pretty fast, if you don't stop and look around once in a while, you could miss it." That quote from, *Ferris Bueller's Day Off* may exemplify what it was like to be in and around Tax Management Associates in 2014. As I have now officially survived the end of the year crunch, I'm stopping, looking around, and remembering all of the wonderful events at TMA.

Last year was exceptional in so many ways, but most importantly our project teams were able to satisfy great demand

from our client base. Working in fifteen (15) states is no easy task, but again, Tom Tucker, Chief Operations Officer and Dale Baker, Deputy Chief Operations Officer, were able to meet every goal that was set at the beginning of the year. This is directly attributable to the fine area managers and professionals working in each of our six locations.

TMA also hit a historic milestone in October marking 35 years of continuous service to state and local

governments across the United States. In order to put a bow on this achievement, TMA had its best year in history with 20% growth over 2013.

For you numbers folks out there... The Business Personal Property Audit Division, now in its 27th year, continues to outpace the company growth with a 21% increase since last year. This is attributable to new clients and increased workloads with existing clients. If projections hold correct, 2015 could be an even better year with growth in new

states providing additional services.

Not to be outshined by Audit, the Homestead Exemption Audit Services group posted a 23% gain from 2013 with similar growth patterns. Our partnership with data giant LexisNexis® continues to see new opportunities as state and local governments continue their fight against tax fraud. What was a relatively new offering in 2010 has now become mainstream with active projects in five (5) states. As with Audit, our Homestead Exemption Audit

department is also expected to make great increases in 2015.

Last year I shared our excitement about Mark Cooke's new software and data analytics projects and offerings. Well, as expected, the IT group has exceeded expectations this year with growth in excess of 122%. It seems government's need for instant access to information has no upper boundary with all of the inquiries in 2014. TMA has merely skimmed the surface of what might be the next great thing from TMA.

Getting away from the business side of TMA, 2014 was also a great year for TMA Cares, our charity and community oriented arm of Tax Management. I personally worked several days at the Second Harvest Food Bank here in Charlotte while our other offices across the TMA family shared their time and talents too. Scott Smith, TMA's HR Director, has been instrumental in the process of organizing drives and events across the company. In addition to his philanthropic side, Scott was also awarded runner up for the Employer Association's Promising HR Director of the Year. We at TMA know he won and our friends at the Employer's Association must have simply miscounted the final tally.

This year is shaping up to be quite the adventure with new states, new clients, and new offerings. We are also looking forward to the IAAO Annual Conference in Indianapolis in September where we will formally celebrate our 35 years with our clients and friends. Indianapolis is home to one of our largest offices and this will be a great time for you to meet many of TMA's local employees. Be on the lookout for more information in late summer as we finalize details.

I want to express my deepest appreciation for all of the hard work performed by the TMA team. Last year proved to be challenging, and yet extremely rewarding at the same time. It is my great pleasure to watch our team leads, project managers, and staff work through problems and continue to produce quality, long-lasting solutions for each of our clients. TMA team members rarely take days off, refuse to short cut solutions, and always seem to find the best answer. They are tireless professionals who, I assure you, are looking out for your best interest day after day.

As for our clients and friends - well, we wouldn't be here without you. Our clients believe in hard work and good government; this is evident every time we sit down to discuss an issue. As tax folks, we don't always have a laundry list of admirers but we take our job seriously and that is evident in every jurisdiction we visit. I commend you for another great year doing a difficult job and doing it well. Thank you for everything that you do on a daily basis.

From my perspective the future could not be brighter. The economy is slowly on the rebound and most of our clients indicate that things are looking up. If TMA keeps up its end of the bargain, 2015 should be another great year for growth and we are always looking for new opportunities to pursue. If you have issues, we have solutions for you - please pick up the phone and give us a call. Thank you for the wonderful and memorable 2014 and we look forward to another great year in 2015.

If you have any questions or concerns please call me at 1.800.951.5350. We always appreciate hearing from our clients.



ask the founder

A few questions for the brains behind Tax Management Associates | by Taylor Ennis

Richard Cooke, Founder of TMA was gracious enough to sit down for a Q&A session. I knock on the heavy wood office door that's already slightly ajar. Mr. Cooke is cleaning something in his top drawer and he already has a visitor in his office, Remington, his 16-week-old Silver Labrador. Remy greets me with grey eyes and giant paws before retiring back to his blanket to resume his morning nap. I ask the first question.

1. Where were you born? *I was born in Florence, SC and lived there until I was nine years old.*

2. Where do you consider home? *The Carolinas. Although I have a place in Texas, that's a place to have fun.*

3. After all these years is TMA what you thought it would be when you founded it? Is this what you envisioned when TMA began? *TMA started as a software company and I think it's moving back towards that again. But I always knew we would provide services for government.*

4. What aspect of TMA are you most proud of? *That we provide long-term employment and help people build careers.*

5. What is your formal education? *I attended the University of South Carolina.*

6. If you hadn't founded TMA what would you be doing? *I think I'd be in the computer industry as a solution provider. I'd work with software and hardware solutions.*

7. How do you feel about working with your sons? *It's a real privilege and honor. I see them every day and how many dads can say that?*

8. How would you describe yourself? *Honorable with high integrity, and caring.*

9. What is your favorite genre of music? *I would say country is my favorite but I grew up with 60s and 70s beach music.*

10. What title have you held that's meant the most to you? *Pop-Pop or Grandfather*

11. If you had to choose one, would you consider yourself a big-picture or detail oriented person? *My Managers think I plan for the future but I don't run from details. I would consider myself a planner and detail oriented.*

12. Was there a person in your career who really made a difference? *I have lots of great friends who have influenced me and my career, but Bill Lambert comes to mind. He was my first partner and mentor; a true southern gentleman.*

13. If you were on an island and could only bring two things what would you bring? *I'd stick with some type of communication device and my best friend to enjoy the experience with me.*

14. If you had the chance to change or redo something what would it be? *I wouldn't change a thing,*

even though it may sound corny. But If I had to choose I think I would've spent more time with my boys while they were young.

15. Tell me about your proudest achievement. *There are so many areas where I'm proud of my achievements but I'd have to say, my sons. I'm so proud of where they are in life right now and that they're solid, stand-up citizens.*

16. If there was a movie about TMA who would play you? *George Clooney, of course!*

17. What's your favorite thing to do outside of work? *I love to be on my cattle farm.*

18. What do you think about when you're alone in your car? *I often think about how lucky and blessed I am.*

19. Do you think a leader should be feared or liked? *I believe a leader should be liked. This more clearly explains what I think a leader should be. He handed me a card which stated: The power of a leader: True leaders are not those who strive to be first but those who are first to strive and who give their all for the success of the team. True leaders are first to see the need, envision the plan, and empower the team for action. By the strength of the leader's commitment, the power of the team is unleashed.*

20. What is your favorite memory from childhood? *I lived on a working farm with my Grandmother and Grandfather. They grew tobacco, cotton, corn and soybeans. I loved living there.*

- 1980 -

35

- 2015 -

Y E A R

TMA'S ANNIVERSARY

How we became the nation's largest personal property consulting firm | by Ryan Hunter

The only constant in life is change and Tax Management Associates is no exception. If you were to ask any state or local government jurisdiction across the United States to define TMA in one word, the most common response would be, "Audit." Eighty percent of our business revolves around reconciliations of certain self-assessed taxes. Today, TMA is the nation's largest provider of these services but did you know that at one point TMA wasn't interested in conducting audits? The genesis of TMA had more of a modest start...

In 1979, Richard (Dick) Cooke, Sr. and Bill Lambert, started a software company called ADPS Marketing. Mr. Cooke managed sales while Mr. Lambert conducted various data processing services in Lancaster, South Carolina. Their aim was to meet the needs of South Carolina tax

departments by creating a CAMA (Computer Assisted Mass Appraisal) package assisting counties with their real estate revaluation obligations. Finding success in South Carolina helped them rapidly move into North Carolina, Virginia, and Georgia, offering similar solutions. In addition to the development of CAMA software solutions, ADPS Marketing also created vehicle valuation software. Realizing the need for a comprehensive local valuation tool for vehicles, ADPS began aggressively marketing to jurisdictions in North and South Carolina. As luck would have it, the small ADPS group presented its solution, Mecklenburg County, and found their first client. The vehicle valuation service was a great success and soon took off across the state.

Within two years, ADPS Marketing provided vehicle valuation software

to all 100 counties in North Carolina. During that time the company acquired Rowland Appraisal, another CAMA solutions software provider, as well as a local software company incorporating it as Tax Management Associates, Inc., the TMA you know and love today.

As CAMA solutions became mainstream and vehicle valuations took off, TMA introduced turn-key solutions with appraisals and software. In addition to those offerings, TMA explored North Carolina's need for a company with business personal property expertise. Tom Tucker, then the Assistant Tax Administrator with Mecklenburg County, and Roger Ellis, Director of Personal Property for the North Carolina Department of Revenue, were brought on to direct TMA's business personal property efforts.

TMA established an office in the Carmel

Commons business park off of Highway 51 in Charlotte, North Carolina and sought to expand its presence.

In October 1987, after exploring the concept of business personal property (BPP) audits for some time, TMA finally committed a staff to performing them. In North Carolina, Cleveland County became the first business personal property client for TMA with Catawba County and Surry County quickly following suit.

As with other service lines, TMA's BPP audit services were offered on a fee based model. Unfortunately, securing a large budget was a difficult task even though TMA's clients knew the programs would increase revenue for their jurisdiction. The recommendation was made by a client that TMA should merely share in whatever gains would be made, once the money was collected from taxpayers. TMA unanimously agreed to this concept and the contingency model was born in North Carolina. Clients could now perform as many audits as they liked with TMA bearing the financial risk.

In 1988, ten more North Carolina Counties signed up with TMA for business personal property programs and by 1989 another ten had contracts with us. With success in audits and the competition rising for vehicle valuations, TMA focused its full attention on business personal property audits in 1990.

TMA's established contingency model was almost altered in 1990 when a large manufacturer challenged the concept of contingency fee auditing. Although the taxpayer found no fault in the audit findings, they filed an appeal on the grounds that the contract with the

county was contrary to public policy. During the appeals process, the North Carolina Property Tax Commission sided with the taxpayer, and audits across North Carolina came to a halt pending further appeals. Due to this decision most of TMA's clients put a stop to their audit projects because they were unsure how to proceed with payment.

The county pressed the issue and the case was heard in both the North Carolina Court of Appeals as well as the North Carolina Supreme Court. In the end, both bodies found that the contract was in fact not contrary to public policy and TMA's North Carolina business returned to normal.

Shortly after the appeal was over, and now staffed with 15 individuals, TMA changed gears yet again and set their sights on the State of Georgia securing business in Gwinnett and Glynn Counties. In 1996, TMA started a statewide contract with the Commonwealth of Kentucky for business personal property audits for a period of one year. TMA's work in Kentucky generated \$12 million in revenue for the state and BPP in general was becoming mainstream across the Southeast.

TMA's staff doubled in 1997 with the implementation of the Railroad Revitalization and Regulatory Reform Act (4-R Act) in the State of Tennessee. Essentially, a federal judge declared that personal property across the state was undervalued when compared to centrally assessed utility property. Subsequently, a judgment was made that all counties must implement an audit program or lose part of their utility property value as a consequence. Seeing the obvious need for help, TMA

pivoted once again and began assisting 83 of the 95 counties across Tennessee. In the late 1990's, TMA concentrated its efforts on Business Personal Property and expanded its footprint in North Carolina, Georgia, Florida, Kentucky, and Tennessee. As word of TMA's reputation spread throughout the assessment field, a Michigan Assessor reached out with an inquiry. The Town of Portage, MI asked TMA to perform one large audit, and TMA's relationship with Michigan grew from there. In 2002, TMA performed audits for several local jurisdictions and then contracted with the State of Michigan on additional business personal property audit programs.

The next decade saw even more change for TMA with new geographical footprints including Alabama, Indiana, Connecticut, California, and Nevada. TMA also continued to diversify with offerings including homestead exemption audits, discovery of unlisted businesses, the CAVS business valuation guide, and BPP online listing. If there was a unique opportunity or a way that TMA could help its clients, the company explored new ground.

Today, TMA is growing as wide as it is deep; we are a multifaceted company across 15 states with more than seven different services. Made up of six branch offices with over 120 employees, TMA has located \$43.8 billion in discovered value through conducting nearly 200,000 audits. Throughout TMA's changing history, we have been committed to a central theme - we are always receptive to change. It is the very reason we are a diverse and vibrant company. It is with vision, determination, and excitement that we, as employees, look forward to the future of TMA.

THANK YOU FOR HELPING TMA CELEBRATE

35

years



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