

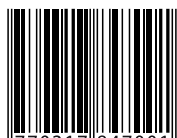
# audit report

The leading source of equity solutions for state and local government

Fall/Winter • Issue 56



Tax Management Associates, Inc.



0.5 >

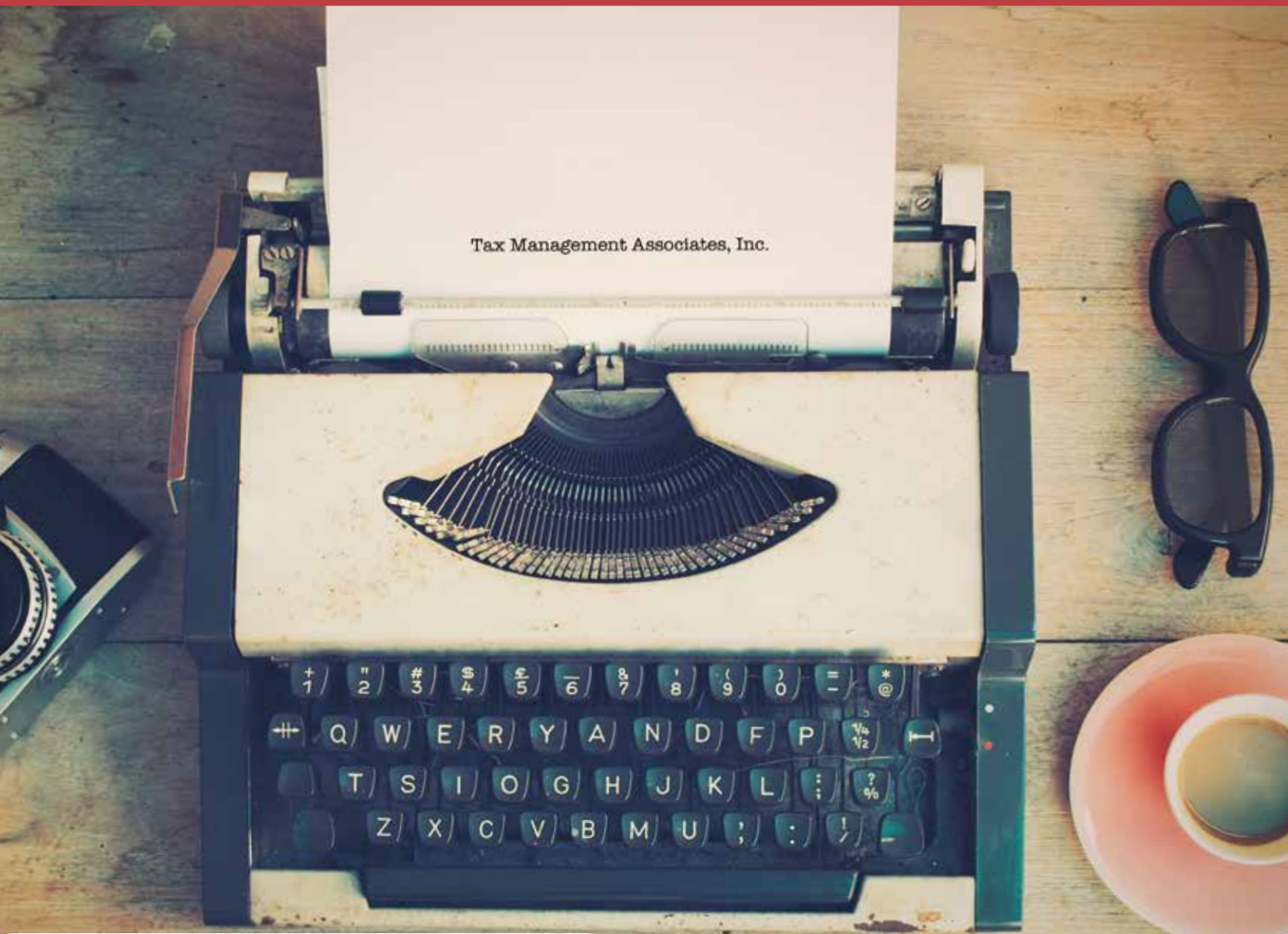
9 770317 847001

40<sup>TH</sup>

ANNIVERSARY







## *the beginning*

### *A Family Business for Forty Years* | by Chip Cooke

1979 was a whale of a year. The Dow Jones stock index was hovering at 838. The Ayatollah Khomeini led a popular Iranian revolution that resulted in the capture and subsequent detention of 52 Americans for 444 days. The Soviets invaded Afghanistan. The Pittsburgh Steelers defeated the Dallas Cowboys 35-31 in the Super Bowl and a small company called ADPS Marketing, Inc. of South Carolina was formed by Dick Cooke and Bill Lambert. A lot can happen in forty years – since I was seven years

old I have been witness to Tiananmen Square in China and one man's defiance of a country's strength. I saw the end of Cheers and the beginning of American Idol. I watched OJ Simpson in the chase of a lifetime down the streets of Los Angeles. From college, I watched the fall of the Soviet Empire and the collapse of the Berlin Wall. I saw the rise of the internet, the invention of the portable phone and the personal computer. I have seen the genesis of social media and the communication that binds us today. I

have seen the advancement of the human genome project and the continued hopes for a cure to cancer. I watched in real-time the towers fall in lower Manhattan in 2001 to the disbelief of the entire world. I have watched families begin and grow – I have watched my own children become strong and brave. Through it all, I have seen a tiny company fueled by sheer will and determination grow into the Tax Management Associates, Inc. I know today. At this very moment, I am watching, give or take, some one hundred

and sixty-five individuals forming a family that believes in something bigger than themselves and doing all that they can to make each day better than the last.

I have never known life without TMA. If you walk down the halls of our corporate headquarters you will find paintings and other memorabilia from my childhood. The picture that adorned our fireplace mantel and various other keepsakes still reside within Parkway Plaza. In all of that time, from Westinghouse Boulevard, to 1043 East Morehead Street, to 2225 Coronation Boulevard, to 5121 Parkway Plaza, TMA has been evolving, growing, and striving to be the best partner we could possibly be to our state and local government clients. For twenty-five years I have been honored to be a part of that journey.

Here at TMA, we stand on the shoulders of giants. Men and women over the last forty years have built their craft and refined that effort over and over again. Bill Lambert, Dick Cooke, John White, Roger Ellis, Tom Tucker, and too many others to mention have turned an idea into a working consultancy that has managed to persevere for almost half a century.

In the beginning, ADPS Marketing was a software concern in the purest sense. After a background with Pillsbury and IBM, Dick Cooke came to the company with an eye to technology in an era when computers occupied entire rooms. Seeing the promise of assisting government agencies, he began to install IBM mainframes and associated software to manage property tax office billing and collections efforts across North and South Carolina. That effort expanded to the real estate side of the business and TMA's expansive CAMA operations and motor vehicle valuation solutions spread across North Carolina.

During that time, from the mid-1980s, TMA's motto and assurance to our clients was born - "Quality by Design" was incorporated as part of our business. It didn't really matter what we did, we just wanted to make sure we were the best. No flash, just good, quality service for our clients. If presented a problem, it was our job to sit down and leverage countless years of experience between us and present a reliable solution. It was this mindset that changed us as a company in 1987.

In that year, one of our mass appraisal clients asked management if we had any experience with Business Personal Property renditions, a popular self-assessed tax in North Carolina. Conversations ensued and shortly thereafter the BPP Division was started under the leadership of Tom Tucker, former Deputy Tax Administrator for Mecklenburg County and the late Roger Ellis, Personal Property Director for the North Carolina Department of Revenue. What started as a question morphed into the company we are today. With hundreds of clients across the United States, this division has driven TMA's growth over the last thirty years. As of 2019, TMA is active in more than twenty states with 250,000 audits completed. Those audits have increased local government tax bases by more than 54 billion dollars.

Geography has changed as well. When I started in 1994, TMA was confined to North Carolina and Georgia. Since that time we have grown into the Northeast, across the Midwest, and as far West as California. Offices now include the corporate headquarters in Charlotte, Atlanta, Indianapolis, Nashville, Brighton, and Phoenix. TMA auditors and sales staff have visited almost every state in the union with new opportunities opening almost every day.

It has become a truly exciting time to be a part of TMA.

TMA has also been blessed to expand into increasingly diverse fields over our forty year history. We have provided software solutions, real estate mass appraisal, compliance work in personal property, gross receipts, hotel/motel occupancy taxes, and public utility audits. Simply said, if government has a revenue source, we want to take a look.

None of this would be possible without the dedication and diversity of our staff. TMA has been extremely well-positioned over the years due to the dedication and professionalism of our entire employee base. We have gone through growing pains, births, deaths, illness, and almost everything in between. Through it all, the willingness to be a part of the TMA family has seen this group come together again and again.

It is almost impossible to know what lies ahead for TMA after forty years of continuous change and refinement. We see new regulatory climates open on an annual basis in areas such as the legalization of marijuana, renewable energy, and others. What starts as a question from our clients usually turns into a company-wide effort to help find a solution. This desire to bring solutions will no doubt continue into the foreseeable future. I am proud to be a part of everything that is to come.

On behalf of the entire team here at TMA, thank you. I promise we will continue to do our very best for you every day. Please help me give a hearty slap on the back of all of the giants who stood before us.

Let's congratulate each and every one to forty years well done. Happy 40th Birthday!



# ask ryan

Ryan Hunter, the Creator of the Audit Report Magazine | by Jennifer Dixon

**Why did you start the Audit Report Magazine?** It was a great one-page internal front and back newsletter when I first saw it. I made a mockup of a magazine that was eight pages and pitched it to Chip Cooke to send to our entire industry and he loved the idea. I've made almost 30 quarterly issues since then.

**Tell me about your job?** I am responsible for all complex marketing initiatives throughout the company as well as selling our services and products in Connecticut, Georgia, North Carolina, and Alabama.

**How long have you been working at TMA?** It will be ten years this coming April.

**How did you wind up in marketing at TMA?** Prior to TMA, my seven years as a graphic designer and associate publisher gave me the confidence to pitch ideas to the company. I put myself into situations to get involved in everything.

**How did you get started with graphic design?** It was a prerequisite for a summer internship my junior year in college at a publishing company. I really wanted to work there so I stretched the truth and said I could do anything with graphics during the interview. Luckily my roommate knew Photoshop, Illustrator, and InDesign and gave me a crash course that weekend. I was a fast learner.

**How would you describe your office?** Arranged precisely with everything in order.

**How would you describe yourself in three words?** Competitive, trendy, and organized.

**What was the best day of your life?** The day I met my wife, Blanca. We had love at first sight and talked marriage on our first date. We have been married two years and are expecting a baby boy on November 3rd.

**What are some pet peeves of yours?** When someone steps on my shoes or when the gas station pump does not have receipt paper. I hate commas also.

**What would I find in your internet history?** I extensively look up values and buy rare sneakers. I am also looking up car values, houses, and clothing.

**How many pairs of shoes do you own?** Let's put it this way, I am in the 99th percentile according to StockX for my collection.

**What has been the highlight of your time at TMA?** A few years ago in Charlotte we consolidated two office locations into one large corporate facility after nearly 37 years in business. I was asked to coordinate paint colors, furniture, fixtures, flooring, décor, and company signage. I was fortunate and thankful they trusted me with this undertaking.

**Who inspires you to be a better person?** I try to model my life around Jesus Christ and to be a good example to others.

**What movie can you practically quote from start to finish?** A Man on Fire with Denzel Washington.

**Tell me about a project that you consider to be the most satisfying in your career.** I designed the entire TMA website from start to finish with all content in less than two weeks with the entire management in approval.

**What is the craziest job you have ever had?** I worked on an animal farm for 9 months that had over 250 different animals there. It was like Noah's Ark.

**What's a good story from your wedding?** We had a plated dinner at the reception and my father-in-law made sure that his meal was special and unlike anyone else's. I remember seeing two Arby's sandwiches in front of him. He's a real character!

**What is something that someone wouldn't guess about you?** I am obsessed with fishing. I have caught well over 10,000 fish since I graduated college.

**Did your parents ever give you a nickname? What is it?** My Mom and Dad both call me "Bud" or "Buddy" to this day.

**What's your cure for hiccups?** Hold the far edge of a glass of water against the bottom of your upper lip. Bend forward and keep your upper lip touching the outer tip of the glass. Remaining in the forward position, pour the water from the glass slowly into your mouth so it runs over the upper palate of your mouth. Betsy Quist in Connecticut taught me this and it works 100% of the time.

**What movie quote do you use on a regular basis?** When Macaulay Culkin in Home Alone says, "This is it. Don't get scared now."

**What are you known for?** I can negotiate about anything for the best possible price. Friends and family call me before buying a vehicle, house, or any large purchase.

**What's the weirdest email you've gotten?** I got an email from Mrs. Kate Moore, a widow suffering a long-term illness, from the Ivory Coast. She had \$10.5 million USD inherited from her late husband and wanted to give it to me.

**What brands do you admire?** Nike, Coca-Cola, and Polo Ralph Lauren. Those brands all have timeless marketing initiatives.

**What advice has someone given you that you always remembered?** Kirk Boone in North Carolina told me when you shake someone's hand to smile really big, borderline cheesy.

**Tell us a secret. Do you have one?** I hide my name in one of the pictures in almost all of the Audit Report magazines. Can you find it in this issue?



## *tma cares*

### *A Revealing Look into the Heart of this Company | by Chip Bourgeault*

I think the best way to really know what it means to care is to have been greatly cared for at some point in your own life, and I think the greatest example of TMA's culture of caring is best shared through my own personal experience.

If you recently met me, you'd know I have two awesome boys, Cole (8) and Carson (3), who are wide open in the best way little boys should be, but you probably wouldn't know that prior to my boys, I had a beautiful little girl. Unfortunately, my daughter, Kaitlyn, was diagnosed at

the age of 9 months with Niemann Pick Type A, a rare terminal disease where children rarely reach the age of 3 years old. At the time, I was 4 years into a relocation to Dallas, TX to manage our TMA office there and had no extended family remotely nearby. It was in this incredibly difficult moment of life where my first real example of the type of company I work for came to light.

I made one call with the devastating news, and within weeks, TMA had at their sole expense relocated my entire

family and house contents back to Charlotte, NC. This allowed us to be near family for what was to come. I don't know too many companies that would do that nowadays, and I can tell you it was an immense weight lifted in an already unbearable situation.

Once back in Charlotte, I watched my daughter decline over the next two years and spent countless hours bedside at the children's hospital. Throughout those toughest years of my life, time and time again TMA staff surrounded



gift of time with my little girl! As you get older, you really come to understand the value of time that is just lost on the younger version of yourself. Rather than worry about looming project timelines, what audits needed to be done, or how many days off I had left, they just let me go be with my little girl. I did not have to worry about how long it would be or if I'd still have a job. I can't recall exactly how many days or months it was, but I know it was a lot. I'm thankful to TMA for enabling each of those extra memories.

While my daughter passed away in 2012, much too young, at the age of 2 years 8 months old, she taught me an incredible life lesson. Too often we hear all the negativity on the news and forget that at their root, most people have an amazing heart for others that just has to be given the opportunity to shine. She showed me that the world is filled with kind, loving, and generous people all around you. TMA and its staff were a big part of that lesson.

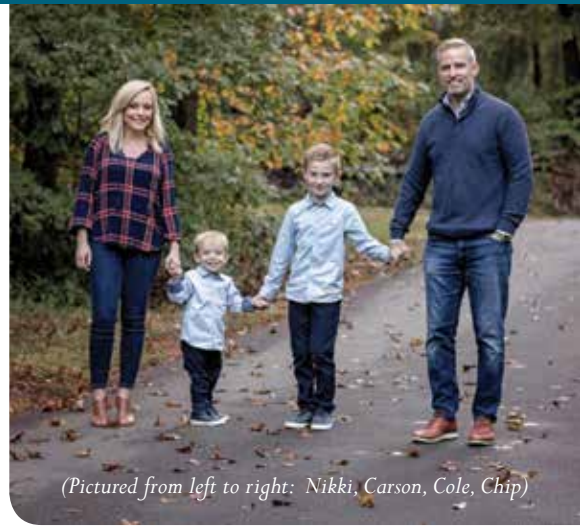
Since her passing, I purposefully look for opportunities and organizations to give back to with both time and resources in some part repay the care others, like TMA, showed to me.

us like a family and provided words of encouragement, support, prayer, and countless meals. In fact, I even recall the CEO, Chip Cooke, personally cooking us a family recipe and hand delivering it to pray over my family and my daughter. To me, that speaks volumes about the type of organization and culture of care that TMA has fostered at even at the highest corporate levels.

As my daughter's life neared the end, TMA gave me one of the most valuable gifts I have ever received in my life... the

TMA has routinely been gracious to come alongside these efforts with donations through our TMA Cares initiative. Through these efforts TMA has donated and/or provided staff as volunteers for Cystic Fibrosis Foundation, Wylder Nation Foundation, Toys for Tots, Shriners, Special Olympics, St. Jude Children's Hospital, Children's Hope Alliance, Feed the Children, and Duke Children's Hospital.

To most, TMA may just seem like a corporation that's all business, which we certainly are, but to me, when you delve into those who make it run, it's more like a family and TMA Cares!



(Pictured from left to right: Nikki, Carson, Cole, Chip)

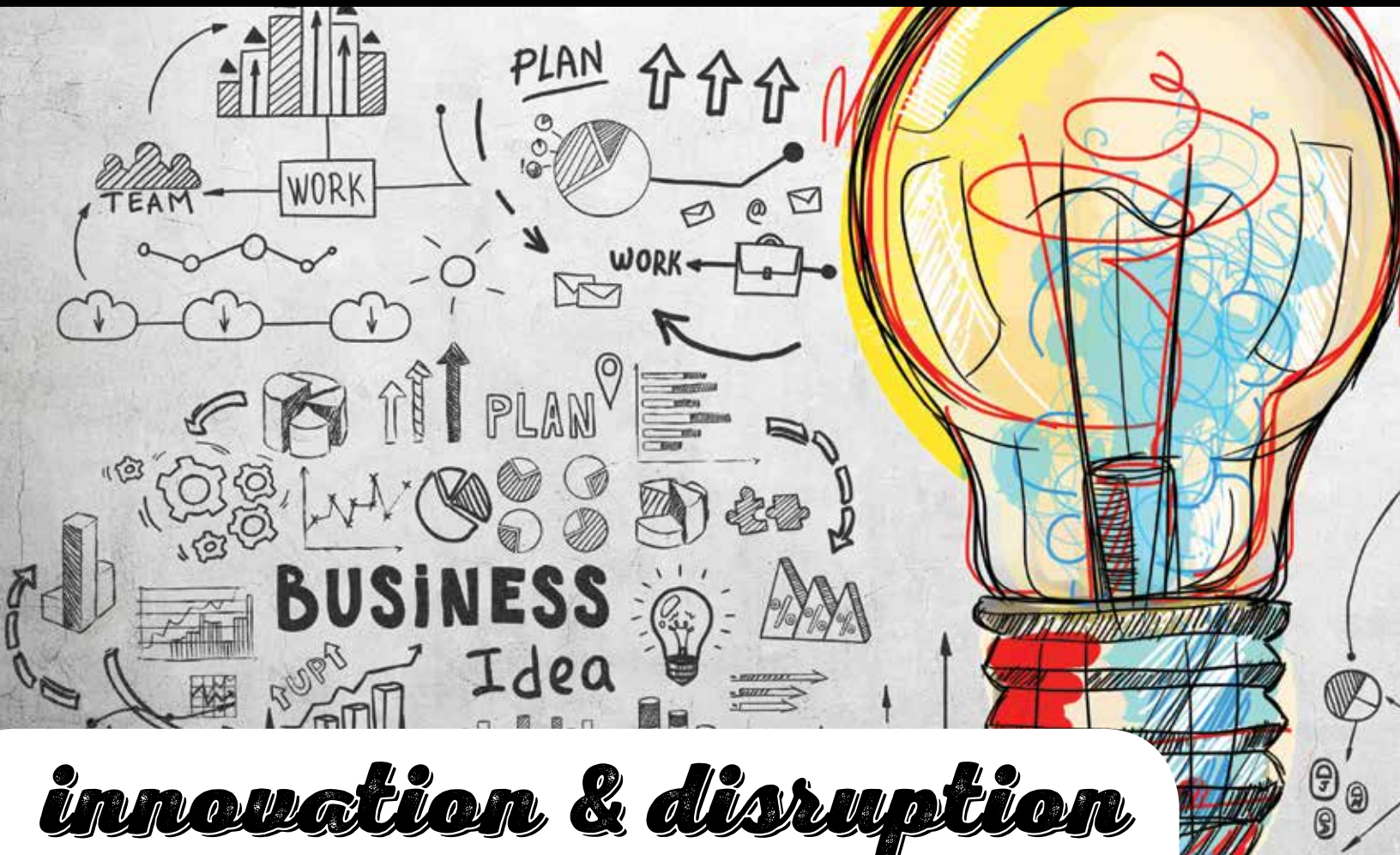


*wylder nation  
foundation*

My dear friends, Steven and Shannon Laffoon's son, Wylder, also had the same disease as my daughter. When they were told there is no treatment and no cure available, they decided that wasn't good enough. They set out to create hope for future families and are pioneering efforts as we speak to find a treatment and a cure.

Wylder Nation Foundation's mission is to improve the lives of children diagnosed with Lysosomal Storage Disorders by accelerating the discovery and development of treatment options.

If you would like to join me and the TMA Cares efforts, please consider helping the search for a cure and donate at [wyldernation.org/donate](http://wyldernation.org/donate)



# *innovation & disruption*

*What do Bitcoin, Netflix, and Marijuana have in common?* | by Dr. Mark Cooke, Ph.D.

Economic innovation is disruptive. We have seen a lot of it in the last decade. Even more in the last twenty years. The advent of e-commerce and the evolution of giants such as Amazon and Alibaba; the changes to fundamental economic structures through peer to peer networks (PayPal, Venmo); the emergence of crowdsourcing optimization in the forms of ride-sharing (Uber, Lyft) and short term rentals (Airbnb, HomeAway); the invention of new currencies (Bitcoin, Ether, Litecoin); and, all of the various innovations that are changing the way we work, live, rent/buy, and eat.

The thing about economic innovation is that it is both creative and destructive. The emergence of the new has the tendency to manifest in new jobs, new economic networks, new wealth, and potentially even a snowballing into new

technologies or subsequent innovations. Innovation is not just itself creative, it tends to seed creativity as ancillary opportunities arise and the market spreads.

However, it is equally destructive in the same sense. Innovation causes industries to collapse, lost jobs, and the decline of certain kinds of technologies. Ecommerce has caused the collapse of brick and mortar retail. The smartphone destroyed the pager, the payphone, the flip phone (think iPhone vs Motorola), and the art of being alone all in one fell swoop (okay, I made up the last one but I still think it may be true). Netflix killed Blockbuster.

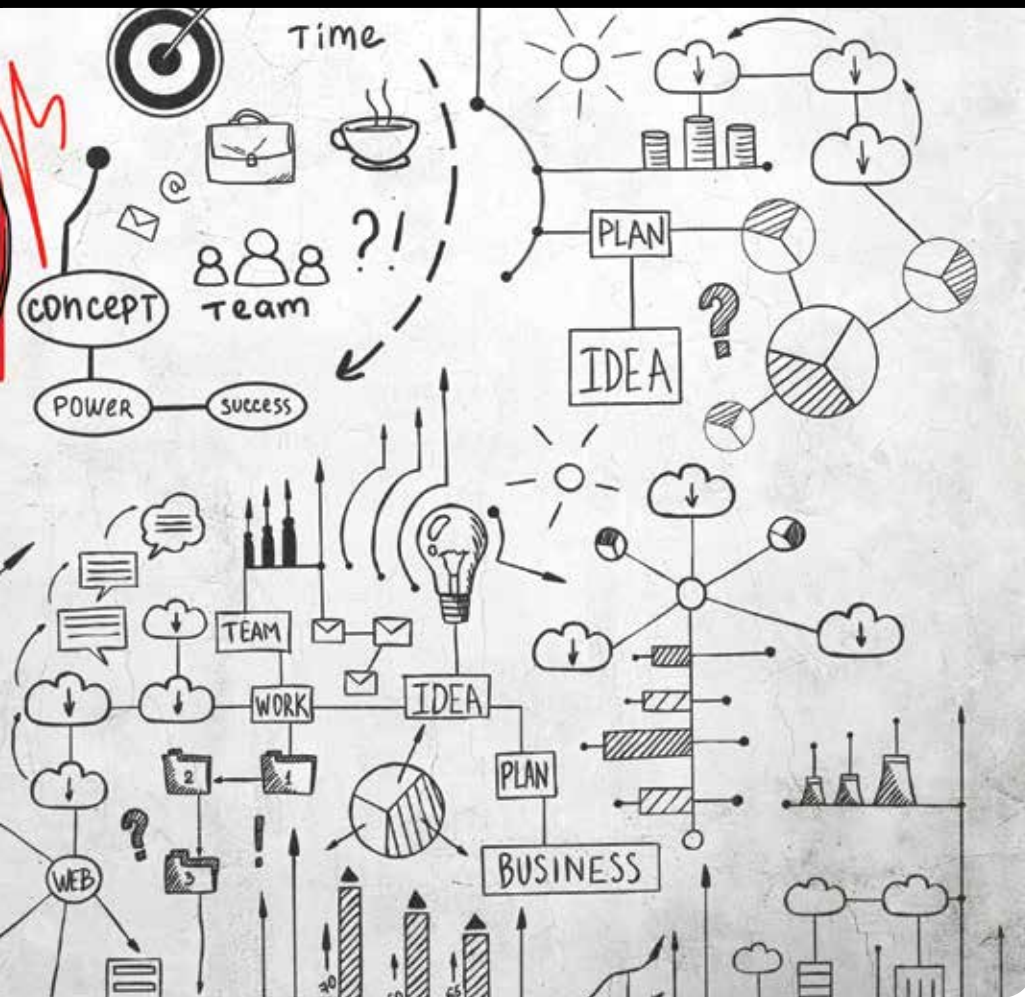
It's not just forms of economic activity, either. It's the very way we do business, the structure of the transactions and

everything around them. You probably already know what I am talking about, but for illustration here are just a few of the wrinkles:

*How do we charge sales tax sales originating outside of state boundaries (this one is just now being worked out after the U.S. Supreme Court decision in the Wayfair case after Amazon alone has been selling online for twenty-four (24) years)?*

*If I use my personal vehicle to drive paying passengers, then is it a commercial vehicle, or a taxi (requiring a business license), and do I need additional liability insurance?*

*If I rent out a bedroom in my house, occasionally, while I still live there, do I still qualify for a homestead (principal residence) exemption and is my furniture personal or business personal property?*



We can only scratch the surface, of course, but I hope it illustrates the nexus of how innovation changes the way we think about everything having to do with the economy. The law takes a while to catch up (sometimes a long while), and it's only the law that will clarify how items and actions are taxed, what's legal business activity, and how we can go about doing business. Then, of course, there are all the little pragmatic details of who should be reporting what to whom and how often.

Make you want to smoke some ganja to cope? Hit the marihooch to keep your head from spinning? Well, that brings me to the next layer in this rolling dialogue (get it?) about innovation, economics, and change. Thirty (30) states have legalized some form of marijuana, with ten (10) of them legalizing recreational

use. That's a big footprint in the U.S. and keep in mind that recreational use was also legalized for the entire country of Canada. That's a lot of dope. Along the same lines as the above arguments, too, it's going to have a massive impact.

Regardless of where you fall on the debate of recreational drugs, the impact is real. We are going to see an explosion of activity around growth (agriculture), processing (manufacturing), and retail sales. Most states have tried to separate the licensure and activity around these three areas, but the lines are not clear, the regulation is muddy, and the rules are still very actively being written.

Each of these is, as well, already replete with wrinkles. Cash is at the top of the list, since the federal government still disallows the use of regular banking

for marijuana related transactions. So, tracking all of those transfers becomes difficult. Infrastructure will be paid for in cash, which makes valuation difficult. Income taxes, W-2s, and other activities will be equally opaque. Once other forms of currency (back to cryptocurrencies for the moment) become preferred due to the difficulty with cash, then the problems exponentiate. How do you value equipment purchased for 15 bitcoin given the fluctuations in bitcoin value?

So, we have (already) racked up issues across the compliance spectrum: valuation and ad valorem taxes, exemptions for agriculture, business licenses, sales tax, employment related taxes, and income tax.

This is before we begin to consider the businesses that will grow up around marijuana as an industry. We can expect, in my opinion, to begin dealing with a large number of innovation industries that take advantage of a demand market not yet explored without the shackles of illegality. This may include industries such as genetics (seed strains), hydroponics, biochemical extraction, biochemical insertion, food and beverage industries, and potential recreational facilities.

So, what do we do about innovation and disruption? In the regulatory and compliance space, we need to react fast. What we really need is the reliance on foresight, the ability to research and document as innovations arise, and experts that can help put organization around the resulting chaos.

The best principle is to do something, and be proactive. Getting ahead of the tide is the best way not to get dragged out to sea.

# The solution for personal property non-filers.



## Cost Analysis Valuation System

TMA designed CAVS to help you simplify the estimation and validation process. Use our online valuation guide to find thousands of personal property items represented in hundreds of documented businesses.



**TAX MANAGEMENT  
ASSOCIATES, INC**

To learn more, please contact:  
Tax Management Associates, Inc. | 800.951.5350