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To the Board of Directors
Arizona Independent Scheduling Administrator Association
Phoenix, AZ

I have compiled the accompanying statement of financial position of Arizona Independent Scheduling Administrator Association (a nonprofit organization) as of December 31, 2009, and the related statements of activities – actual and budget and cash flows for the quarter and year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The budgeted information included in the statements of activities – actual and budget is presented for supplementary analysis purposes only.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them. In addition, the budgeted information included in the statements of activities – actual and budget has not been audited or reviewed by me, and, accordingly, I do not express an opinion or any other form of assurance on it.

I am not independent with respect to Arizona Independent Scheduling Administrator Association.

Clinton R. Wasser, CPA, PC

March 31, 2010

Arizona Independent Scheduling Administrator Association
Statement of Financial Position
December 31, 2009

Assets

Current Assets

Cash	\$ 51,400.91
Accounts Receivable	3,985.96
Prepaid Insurance	<u>1,452.35</u>
Total Current Assets	<u>56,839.22</u>

Fixed Assets

Furniture and Equipment	4,737.78
Accumulated Depreciation	<u>(3,056.22)</u>
Total Fixed Assets	<u>1,681.56</u>

Total Assets 58,520.78

Liabilities

Current Liabilities

Accounts Payable	720.87
Refundable Advances	-
Payroll Liabilities	<u>2,068.24</u>
Total Current Liabilities	<u>2,789.11</u>

Total Liabilities 2,789.11

Net Assets

Unrestricted 55,731.67

Total Net Assets 55,731.67

Total Liabilities and Net Assets \$ 58,520.78

Arizona Independent Scheduling Administrator Association
Statement of Activities - Actual & Budget
For The Quarter Ended December 31, 2009

	<u>Tariff</u> <u>Activities</u>	<u>Support</u> <u>Services</u>	<u>Total</u>	<u>Budget</u>	<u>\$ Over (Under)</u> <u>Budget</u>
Unrestricted Net Assets					
Revenues & Support:					
Membership Dues			\$ 1,250.00	\$ -	\$ 1,250.00
Tariff Income			10,480.83	33,500.00	(23,019.17)
Debt Forgiveness			<u>1,225.00</u>	<u>-</u>	<u>1,225.00</u>
Total Unrestricted Revenues & Support			<u>\$ 12,955.83</u>	<u>\$ 33,500.00</u>	<u>\$ (20,544.17)</u>
Expenses:					
Insurance	\$ 889.68	\$ 98.85	\$ 988.53	\$ 1,750.02	\$ (761.49)
Office Expenses & Supplies	18.89	2.10	20.99	499.98	(478.99)
Payroll & Employee Benefits	21,799.13	2,422.12	24,221.25	24,221.25	-
Postage & Delivery	-	-	-	60.00	(60.00)
Printing & Reproduction	-	-	-	15.00	(15.00)
Professional Fees	1,125.01	916.70	2,041.71	3,500.00	(1,458.29)
Telephone	405.00	45.00	450.00	450.00	-
Travel & Entertainment	469.34	52.15	521.49	1,249.98	(728.49)
Depreciation	160.20	17.80	178.00	-	178.00
Other Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,753.77</u>	<u>(1,753.77)</u>
Total Unrestricted Expenses	<u>\$ 24,867.25</u>	<u>\$ 3,554.72</u>	<u>\$ 28,421.97</u>	<u>\$ 33,500.00</u>	<u>\$ (5,078.03)</u>
Increase (Decrease) in Unrestricted Net Assets			<u>\$ (15,466.14)</u>	<u>\$ -</u>	<u>\$ (15,466.14)</u>
Net Assets at Beginning of Period			<u>\$ 71,197.81</u>		
Net Assets at End of Period			<u>\$ 55,731.67</u>		

See accompanying notes and accountant's report

**Arizona Independent Scheduling Administrator Association
Statement of Activities - Actual & Budget
For The Year Ended December 31, 2009**

	<u>Tariff Activities</u>	<u>Support Services</u>	<u>Total</u>	<u>Budget</u>	<u>\$ Over (Under) Budget</u>
Unrestricted Net Assets					
Revenues & Support:					
Membership Dues			\$ 3,250.00	\$ 3,000.00	\$ 250.00
Tariff Income			95,056.96	130,000.00	(34,943.04)
Debt Forgiveness			<u>1,225.00</u>	<u>-</u>	<u>1,225.00</u>
Total Unrestricted Revenues & Support			<u>\$ 99,531.96</u>	<u>\$ 133,000.00</u>	<u>\$ (33,468.04)</u>
Expenses:					
Insurance	\$ 4,807.70	\$ 534.19	\$ 5,341.89	\$ 7,000.00	\$ (1,658.11)
Office Expenses & Supplies	986.45	109.61	1,096.06	2,000.00	(903.94)
Payroll & Payroll Taxes	87,246.90	9,694.10	96,941.00	96,885.00	56.00
Postage & Delivery	12.35	1.37	13.72	240.00	(226.28)
Printing & Reproduction	25.34	2.82	28.16	60.00	(31.84)
Professional Fees	4,192.01	7,258.97	11,450.98	13,000.00	(1,549.02)
Telephone	1,658.89	184.32	1,843.21	1,800.00	43.21
Travel & Entertainment	1,946.72	216.30	2,163.02	5,000.00	(2,836.98)
Depreciation	643.50	71.50	715.00	-	715.00
Other Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,015.00</u>	<u>(7,015.00)</u>
Total Unrestricted Expenses	<u>\$ 101,519.86</u>	<u>\$ 18,073.18</u>	<u>\$ 119,593.04</u>	<u>\$ 133,000.00</u>	<u>\$ (13,406.96)</u>
Increase (Decrease) in Unrestricted Net Assets			<u>\$ (20,061.08)</u>	<u>\$ -</u>	<u>\$ (20,061.08)</u>
Net Assets at Beginning of Period			<u>\$ 75,792.75</u>		
Net Assets at End of Period			<u>\$ 55,731.67</u>		

See accompanying notes and accountant's report

Arizona Independent Scheduling Administrator Association
Statement of Cash Flows
For The Quarter and Year Ended December 31, 2009

	<u>Quarter</u>	<u>Year</u>
Cash Flows From Operating Activities		
Increase (Decrease) in Net Assets	\$ (15,466.14)	\$ (20,061.08)
Add (Deduct) Items Not Affecting Cash:		
Debt Forgiveness Income	\$ (1,225.00)	\$ (1,225.00)
Depreciation Expense	178.00	715.00
Decrease (Increase) in Accounts Receivable	(689.00)	7,681.01
Decrease (Increase) in Prepaid Expenses	988.53	479.65
Increase (Decrease) in Accounts Payable	524.62	(158.56)
Increase (Decrease) in Payroll Liabilities	-	(163.84)
Net Cash Provided By Operating Activities	<u>(15,688.99)</u>	<u>(12,732.82)</u>
Cash Flows From Investing Activities		
Purchase of Fixed Assets	<u>-</u>	<u>-</u>
Net Cash Provided (Used) By Investing Activities	<u>-</u>	<u>-</u>
Cash Flows From Financing Activities		
Net Borrowings (Payments) on Line of Credit	<u>-</u>	<u>-</u>
Net Cash Provided (Used) By Financing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	<u>(15,688.99)</u>	<u>(12,732.82)</u>
Cash At Beginning Of Period	<u>67,089.90</u>	<u>64,133.73</u>
Cash At End Of Period	<u>\$ 51,400.91</u>	<u>\$ 51,400.91</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest on loans	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and accountant's report

Arizona Independent Scheduling Administrator Association
Notes To The Financial Statements
December 31, 2009

Note A - Nature of Activities and Significant Accounting Policies

Nature of Activities

The Arizona Independent Scheduling Administrator Association (the Association) is a non-profit Arizona Corporation formed in September 1998 to act as an independent electric transmission scheduling administrator. The purpose of the Association is to facilitate open, non-discriminatory transmission access to support implementation of retail electric competition in the State of Arizona.

The Association is funded through dues and contributions from its members, and revenues received from Arizona electric utilities based on a Federal Energy Regulatory Commission (FERC) tariff enacted in 2001. The tariff specifies that a designated portion of the revenues be used by the Association for payment of operating expenses and a designated portion be used for repayment of capital loans. The capital loans have since been fully repaid.

The board of directors of the Association includes representatives from Arizona electric utilities and other interested parties. All accounts receivable and revenues based upon the FERC tariff are received from the represented or affiliate companies of these board members.

The Association was incorporated as an organization whose time frame is limited by the articles of incorporation and by provisions in the by-laws. Consequently, agreements between the Association and the participating utilities include winding-up provisions. These provisions specify repayments on capital loans and other debts will be waived if the Association terminates operations or the participating utilities withdraw from agreements with the Association. Additionally, the participating utilities are obligated to pay any remaining operating costs committed to before termination and costs that could not reasonably be avoided after the effective date of termination.

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 results could differ from those estimates.

Financial Statement Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting. The Association reports information regarding its financial position and activities based upon donor-imposed restrictions via three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Since the Association does not have any restrictions imposed by donors on its net assets, the accompanying financial statements only present unrestricted net assets.

Functional Allocation of Expenses

The Association uses two functional categories to allocate its expenses. Activities authorized by a FERC tariff relating to monitoring transmission access are classified as tariff activities on the accompanying statements of activities – actual and budget. Expenses that provide administrative and general support for these tariff activities are classified as support services.

Income Taxes

The Association is a not-for-profit organization that is exempt from income taxes under section 501(c)(6) of the Internal Revenue Code.

Accounts Receivable

Accounts receivable are considered by management to be fully collectible and accordingly no allowance for doubtful accounts is considered necessary.

Furniture and Equipment

Purchased furniture and equipment are capitalized at cost. The Association capitalizes all property and equipment acquisitions over \$500 with an estimated useful life greater than one year. Furniture and equipment are depreciated using a methodology substantially consistent with the straight-line method.

Employee Benefits

The Association has one employee who receives a salary and reimbursement for employee business expenses. No other employee benefits are provided.

Cash

The Association maintains its cash in a bank account that is insured up to \$250,000 by the Federal Deposit Insurance Corporation. The Association consistently maintains deposits in the bank below the federally insured limit.

Note B – Debt Forgiveness Revenue

In a prior year, a utility made a refundable advance to the Association for \$1,225. During 2009, the successor utility (who purchased the utility that advanced these funds) indicated that the Association did not need to repay this advance. This debt forgiveness revenue is shown on the accompanying statements of activities – actual and budget.

Note C – Concentration of Revenue Sources

Most of the Association's revenues are obtained from two Arizona electric utilities in accordance with a FERC tariff. These utilities are subject to both State and Federally imposed regulation. It is possible that these utilities could be affected by events, including regulatory change, the impact of which would have a materially negative impact on the future revenues of the Association.