

# Clinton R. Wasser, CPA, P.C.

Certified Public Accountant

14301 N. 87<sup>th</sup> St. #307, Scottsdale, AZ 85260

Voice: 480-443-3485 Fax: 480-607-6837

E-mail: [clint@wassercpa.com](mailto:clint@wassercpa.com)

Website: [www.wassercpa.com](http://www.wassercpa.com)

## Accountant's Compilation Report

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, 2011, and the related statements of activities – actual and budget and cash flows for the quarter and year then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with U.S. generally accepted accounting principles. The budgeted information included in the statements of activities – actual and budget is presented for supplementary analysis purposes only.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

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

*Clinton R. Wasser, CPA, PC*

August 31, 2012

**Arizona Independent Scheduling Administrator Association**  
**Statement of Financial Position**  
**December 31, 2011**

**Assets**

Current Assets

Cash	\$ 46,691.67
Accounts Receivable	8,866.66
Prepaid Insurance	<u>1,525.95</u>
Total Current Assets	<u>57,084.28</u>

Fixed Assets

Furniture and Equipment	1,663.78
Accumulated Depreciation	<u>(1,165.22)</u>
Total Fixed Assets	<u>498.56</u>

Total Assets 57,582.84

**Liabilities**

Current Liabilities

Accounts Payable	907.63
Payroll Liabilities	<u>1,989.72</u>
Total Current Liabilities	<u>2,897.35</u>

Total Liabilities 2,897.35

**Net Assets**

Unrestricted 54,685.49

Total Net Assets 54,685.49

Total Liabilities and Net Assets \$ 57,582.84

**Arizona Independent Scheduling Administrator Association**  
**Statement of Activities - Actual & Budget**  
**For The Quarter Ended December 31, 2011**

	<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>
<b>Unrestricted Net Assets</b>					
Revenues & Support:					
Membership Dues			\$ 750.00	\$ -	\$ 750.00
Tariff Income			<u>26,084.85</u>	<u>29,687.50</u>	<u>(3,602.65)</u>
Total Unrestricted Revenues & Support			<u>\$ 26,834.85</u>	<u>\$ 29,687.50</u>	<u>\$ (2,852.65)</u>
Expenses:					
Insurance	\$ 924.58	\$ 102.73	\$ 1,027.31	\$ 1,200.00	\$ (172.69)
Office Expenses & Supplies	12.11	1.35	13.46	575.00	(561.54)
Payroll & Employee Benefits	21,824.33	2,424.92	24,249.25	24,243.00	6.25
Postage & Delivery	-	-	-	30.00	(30.00)
Printing & Reproduction	-	-	-	7.50	(7.50)
Professional Fees	1,125.01	1,055.00	2,180.01	2,950.00	(769.99)
Telephone	405.00	45.00	450.00	575.00	(125.00)
Travel & Entertainment	125.42	13.93	139.35	750.00	(610.65)
Depreciation	<u>74.93</u>	<u>8.32</u>	<u>83.25</u>	<u>169.50</u>	<u>(86.25)</u>
Total Unrestricted Expenses	<u>\$ 24,491.38</u>	<u>\$ 3,651.25</u>	<u>\$ 28,142.63</u>	<u>\$ 30,500.00</u>	<u>\$ (2,357.37)</u>
<b>Increase (Decrease) in Unrestricted Net Assets</b>			<u>\$ (1,307.78)</u>	<u>\$ (812.50)</u>	<u>\$ (495.28)</u>
<b>Net Assets at Beginning of Period</b>			<u>\$ 55,993.27</u>		
<b>Net Assets at End of Period</b>			<u>\$ 54,685.49</u>		

See accompanying notes and accountant's report

**Arizona Independent Scheduling Administrator Association  
Statement of Activities - Actual & Budget  
For The Year Ended December 31, 2011**

	<u>Tariff Activities</u>	<u>Support Services</u>	<u>Total</u>	<u>Budget</u>	<u>\$ Over (Under) Budget</u>
<b>Unrestricted Net Assets</b>					
Revenues & Support:					
Membership Dues			\$ 4,250.00	\$ 3,250.00	\$ 1,000.00
Tariff Income			<u>116,381.37</u>	<u>118,750.00</u>	<u>(2,368.63)</u>
Total Unrestricted Revenues & Support			<u>\$ 120,631.37</u>	<u>\$ 122,000.00</u>	<u>\$ (1,368.63)</u>
Expenses:					
Insurance	\$ 4,355.89	\$ 483.99	\$ 4,839.88	\$ 4,800.00	\$ 39.88
Office Expenses & Supplies	1,081.40	120.15	1,201.55	2,300.00	(1,098.45)
Payroll & Payroll Taxes	87,298.56	9,699.84	96,998.40	96,972.00	26.40
Postage & Delivery	9.90	1.10	11.00	120.00	(109.00)
Printing & Reproduction	-	-	-	30.00	(30.00)
Professional Fees	4,500.04	6,353.45	10,853.49	11,800.00	(946.51)
Telephone	1,620.00	180.00	1,800.00	2,300.00	(500.00)
Travel & Entertainment	3,919.87	435.54	4,355.41	3,000.00	1,355.41
Depreciation	<u>299.70</u>	<u>33.30</u>	<u>333.00</u>	<u>678.00</u>	<u>(345.00)</u>
Total Unrestricted Expenses	<u>\$ 103,085.36</u>	<u>\$ 17,307.37</u>	<u>\$ 120,392.73</u>	<u>\$ 122,000.00</u>	<u>\$ (1,607.27)</u>
<b>Increase (Decrease) in Unrestricted Net Assets</b>			<u>\$ 238.64</u>	<u>\$ -</u>	<u>\$ 238.64</u>
<b>Net Assets at Beginning of Period</b>			<u>\$ 54,446.85</u>		
<b>Net Assets at End of Period</b>			<u>\$ 54,685.49</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, 2011**

	<u>Quarter</u>	<u>Year</u>
<b>Cash Flows From Operating Activities</b>		
Increase (Decrease) in Net Assets	\$ (1,307.78)	\$ 238.64
Add (Deduct) Items Not Affecting Cash:		
Depreciation Expense	83.25	333.00
Decrease (Increase) in Accounts Receivable	(1,208.37)	94.34
Decrease (Increase) in Prepaid Expenses	1,027.31	13.64
Increase (Decrease) in Accounts Payable	197.21	(335.29)
Increase (Decrease) in Payroll Liabilities	-	(76.02)
Net Cash Provided By Operating Activities	<u>(1,208.38)</u>	<u>268.31</u>
<b>Cash Flows From Investing Activities</b>	-	-
<b>Cash Flows From Financing Activities</b>	-	-
<b>Net Increase (Decrease) in Cash</b>	<u>(1,208.38)</u>	<u>268.31</u>
<b>Cash At Beginning Of Period</b>	<u>47,900.05</u>	<u>46,423.36</u>
<b>Cash At End Of Period</b>	<u>\$ 46,691.67</u>	<u>\$ 46,691.67</u>
 <b>Supplemental Disclosure of Cash Flow Information:</b>		
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, 2011**

**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 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 \$750 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 – 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.

**Note C – Subsequent Events**

Management has evaluated subsequent events through August 31, 2012, the date which the financial statements were available to be issued.