

NORTHEAST ARIZONA TRAINING CENTER, INC.



FINANCIAL STATEMENTS  
JUNE 30, 2017

NORTHEAST ARIZONA TRAINING CENTER, INC.

Financial Statements

June 30, 2017

<b>TABLE OF CONTENTS</b>	Page(s)
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-7



405 W F-Bar Ln, Snowflake, AZ 85937  
[brian@brianrichardscpa.com](mailto:brian@brianrichardscpa.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Northeast Arizona Training Center, Inc.

We have audited the accompanying financial statements of Northeast Arizona Training Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017, and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### 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 an opinion 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 opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Arizona Training Center, Inc. as of June 30, 2017, and 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Brian Richards, CPA*

Snowflake, AZ  
August 15, 2017

Northeast Arizona Training Center, Inc.  
 Statements of Financial Position  
 June 30, 2017 and 2016

	2017	2016
<b>Assets</b>		
Current assets		
Cash	\$ 86,070	\$ 66,337
Prepaid expenses	12,151	12,013
Total current assets	98,221	78,350
Property and equipment		
Land	110,000	110,000
Buildings	620,740	681,048
Training facilities	2,151,696	2,102,315
Less accumulated depreciation	(909,290)	(813,482)
Net property and equipment	1,973,146	2,079,881
 Total assets	 \$ 2,071,367	 \$ 2,158,231
 <b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ -	\$ 2,922
Total liabilities	-	2,922
 <b>Net Assets</b>		
Unrestricted	2,071,367	2,155,309
Total net assets	2,071,367	2,155,309
 Total liabilities and net assets	 \$ 2,071,367	 \$ 2,158,231

Northeast Arizona Training Center, Inc.  
 Statements of Activities  
 Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenue		
Fire department membership fees	\$ 15,750	\$ 16,500
Law enforcement membership fees	15,000	13,750
Facilities lease	-	24,000
Donations	-	500
In-kind donations	1,000	66,243
Private agency usage	5,500	6,000
Miscellaneous	-	1,329
	<u>37,250</u>	<u>128,322</u>
Total operating revenue		
Operating expenses		
Administrative and office	13,840	22,731
Maintenance expenses	618	11,539
Utilities	-	12,464
Depreciation	106,734	104,528
	<u>121,192</u>	<u>151,262</u>
Total operating expenses		
Operating income (loss)	<u>(83,942)</u>	<u>(22,940)</u>
Other income/expenses		
Interest expense	-	-
	<u>-</u>	<u>-</u>
Total other income/expenses		
Change in net assets	(83,942)	(22,940)
Net assets at beginning of year	<u>2,155,309</u>	<u>2,178,249</u>
Net assets at end of year	<u>\$ 2,071,367</u>	<u>\$ 2,155,309</u>

**Northeast Arizona Training Center, Inc.**  
**Statements of Cash Flows**  
Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Receipts from members and users	\$ 37,250	\$ 69,248
Donations received	-	500
Payments to vendors	(17,517)	(43,992)
Interest paid	-	-
	<u>19,733</u>	<u>25,756</u>
Net cash provided by operating activities		
Cash flows from financing activities		
Payment of long-term debt	-	-
	<u>-</u>	<u>-</u>
Net cash used by financing activities		
Cash flows from investing activities		
Cash paid for asset acquisition and construction	-	-
	<u>-</u>	<u>-</u>
Net cash used by investing activities		
Net change in cash	19,733	25,756
Cash at beginning of year	<u>66,337</u>	<u>40,581</u>
Cash at end of year	<u>\$ 86,070</u>	<u>\$ 66,337</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ (83,942)	\$ (22,940)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	106,734	104,528
Asset additions funded with non-cash donations	-	(60,308)
Changes in assets and liabilities:		
Accounts receivable	-	1,734
Prepaid expenses	(137)	(180)
Deferred revenue	-	-
Accounts payable	(2,922)	2,922
Net cash provided by operating activities	<u>\$ 19,733</u>	<u>\$ 25,756</u>

Northeast Arizona Training Center, Inc.  
Notes to Financial Statements  
June 30, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies of Northeast Arizona Training Center, Inc. (NATC) are described below to enhance the usefulness of the financial statements to the reader.

**Nature of the Organization**

NATC was incorporated as a not-for-profit organization in the state of Arizona in 2004. NATC's mission is to own and operate a certified all risk regional training center to meet the educational and testing needs of fire and law enforcement personnel in Northeast Arizona. The voting members of the board of directors of NATC are personnel of Northland Pioneer College. Due to the control exercised by Northland Pioneer College, NATC is considered to be a component unit of Northland Pioneer College. Northland Pioneer College provides certain personnel and other expenses incurred for the benefit of NATC. Northland Pioneer College holds some of its classes in the NATC's training facility and owns certain educational assets utilized in the training facility. The revenue raised and expenses incurred by Northland Pioneer College for the operation of the Northeast Arizona Training Facility are not included in these financial statements. The training facility is utilized by Fire and Law Enforcement personnel throughout Northeast Arizona. NATC derives its operating revenues primarily through membership dues paid by the various user agencies and through user fees charged to other private organizations.

**Basis of Accounting**

The financial statements have been prepared following the U.S. GAAP Financial Reporting Framework, using the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

**Financial Statement Presentation**

NATC presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Accordingly, NATC reports information regarding its financial position and activities according to three classes of net assets: permanently restricted, temporarily restricted, and unrestricted.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the NATC. Generally, the donors of these assets permit NATC to use all or part of the income earned on related investments for general or specific purposes. At June 30, 2017, NATC had no permanently restricted net assets.

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met by actions of the board of NATC and/or the passage of time. At June 30, 2017, NATC had no temporarily restricted net assets.

*Unrestricted net assets* – Net assets which include unrestricted resources which represent the funds that are available for the operating objectives of NATC.

**Use of Estimates**

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates. The most significant estimate impacting NATC is the depreciable lives of fixed assets.

**Cash and Cash Equivalents**

Highly liquid investments with an original maturity of three months or less are classified as cash equivalents and are stated at fair value.

Northeast Arizona Training Center, Inc.  
Notes to Financial Statements  
June 30, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property and Equipment**

NATC capitalizes all property and equipment expenditures with a cost of \$5,000 or more and having estimated useful lives of more than one year. Property and equipment are recorded at cost or, for donated items, at fair value as of the date received. Expenditures for minor replacements, maintenance and repairs are charged to expense when incurred. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to fifty years.

**Income Taxes**

NATC is a public non-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 43-1201 of the Arizona Revised Statutes. Therefore, the accompanying financial statements contain no provision or liability for income taxes. Continued tax-exempt status is contingent on future operations being in compliance with the Internal Revenue Code.

**NOTE 2 – IN-KIND DONATIONS**

NATC records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor imposed restrictions. During fiscal year ending June 30, 2017, NATC received in-kind donations consisting of a car from Eagar Police Department valued at \$1,000. The car was not capitalized during the year as it was below the capitalization threshold.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

Northland Pioneer College provides certain use of facilities and staff services which benefits NATC. However, since these provided facilities and services also benefit Northland Pioneer College's educational programs, no value for these amounts are recorded on NATC's financial statements. Northland Pioneer College pays all utility costs for NATC.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<b>2017</b>	<b>2016</b>
Land	\$ 110,000	\$ 110,000
Buildings	620,740	681,048
Training facilities	2,151,696	2,102,315
	2,882,436	2,893,363
Less accumulated depreciation	(909,290)	(813,482)
	<b>\$1,973,146</b>	<b>\$2,079,881</b>

Depreciation expense for the period ending June 30, 2017 was \$106,734.

Northeast Arizona Training Center, Inc.  
Notes to Financial Statements  
June 30, 2017

**NOTE 5 - CASH FLOW INFORMATION**

There were no non-cash financing transactions during the fiscal year 2017. NATC paid no interest or income tax during the fiscal year 2017.

**NOTE 6 - CASH**

The total cash held by NATC as of June 30, 2017 is as follows:

	<u>2017</u>	<u>2016</u>
Unrestricted cash	\$66,337	\$40,581

**NOTE 7 - RESTRICTIONS ON NET ASSETS**

There were no restrictions on net assets as of June 30, 2017.

**NOTE 8 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 15, 2017, the date that the financial statements were issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.