

NORTHEAST ARIZONA TRAINING CENTER, INC.



FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NORTHEAST ARIZONA TRAINING CENTER, INC.

Financial Statements

June 30, 2020 and 2019

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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, 2020, and 2019, 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 audits. We conducted our audits 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, 2020, and 2019, 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.

BDR Richards, CPA's, PLLC

Snowflake, AZ
August 25, 2020

Northeast Arizona Training Center, Inc.
 Statements of Financial Position
 June 30, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 1,125,680	\$ 99,934
Contributions receivable	8,750	-
Prepaid expenses	14,952	14,331
Total current assets	1,149,382	114,265
Property and equipment		
Land	110,000	110,000
Buildings	620,740	620,740
Training facilities	2,151,697	2,151,697
Other Capital Equipment	25,730	25,730
Less accumulated depreciation	(1,232,520)	(1,121,346)
Net property and equipment	1,675,647	1,786,821
Total assets	\$ 2,825,029	\$ 1,901,086
Net Assets		
Without donor restrictions-undesignated	2,825,029	1,901,086
Total net assets	2,825,029	1,901,086
Total liabilities and net assets	\$ 2,825,029	\$ 1,901,086

Northeast Arizona Training Center, Inc.
 Statements of Activities
 Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenue		
Fire department membership fees	\$ 14,500	\$ 13,750
Law enforcement membership fees	16,250	13,750
In-kind donations	-	25,730
Grants	1,000,000	-
Interest	16,343	
Private agency usage	14,500	6,713
Miscellaneous	-	153
	<u>1,061,593</u>	<u>60,096</u>
Operating expenses		
Administrative and office	26,476	23,244
Maintenance expenses	-	4,869
Depreciation	111,174	106,028
	<u>137,650</u>	<u>134,141</u>
	<u>923,943</u>	<u>(74,045)</u>
Operating income (loss)		
	923,943	(74,045)
Change in net assets	923,943	(74,045)
Net assets at beginning of year	<u>1,901,086</u>	<u>1,975,131</u>
Net assets at end of year	<u><u>\$ 2,825,029</u></u>	<u><u>\$ 1,901,086</u></u>

Northeast Arizona Training Center, Inc.
 Statements of Cash Flows
 June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Receipts from members and users	\$ 36,500	\$ 34,365
Grants	1,000,000	-
Interest income	16,343	-
Payments to vendors	(27,097)	(29,647)
Net cash provided by operating activities	1,025,746	4,718
Net change in cash	1,025,746	4,718
Cash at beginning of year	99,934	95,216
Cash at end of year	\$ 1,125,680	\$ 99,934
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 923,943	\$ (74,045)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	111,174	106,028
Asset additions funded with non-cash donations	-	(25,730)
Changes in assets and liabilities:		
Contributions receivable	(8,750)	-
Prepaid expenses	(621)	(1,535)
Net cash provided by operating activities	\$ 1,025,746	\$ 4,718

Northeast Arizona Training Center, Inc.
Notes to Financial Statements
June 30, 2020

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.

Net Assets

NATC presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification ASU 2016-14. Accordingly, NATC reports information regarding its financial position and activities according to revenues, gains, and losses that are classified based on the existence or absence of donor or grantor-imposed restrictions. Net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for us in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor – (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At June 30, 2020, NATC had no net assets with donor restrictions, at June 30, 2019 NATC had no net assets with donor restrictions.

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 Investments

Highly liquid investments with an original maturity of three months or less are classified as cash equivalents and are stated at fair value. Investments held by the State Treasurer's Local Government Investment Pool are considered cash equivalents and are stated at fair value.

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.

Northeast Arizona Training Center, Inc.
Notes to Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are met. As of June 30, 2020, contributions receivable consisted of unconditional promises to give in the amount of \$8,750. There were no contributions receivable in the year ended June 30, 2019.

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.

Revenue

Revenue is recognized when earned.

Date of Management's Review

Management has reviewed events subsequent to June 30, 2020 up through the financial statement report date, August 25, 2020. As of the report date, there have been no events subsequent to June 30, 2020, that are required to be disclosed in order to present fairly the financial position and changes in net assets of NATC.

NOTE 2 – IN-KIND DONATIONS

During the fiscal year ending June 30, 2020 NATC did not receive any in-kind donations. During fiscal year ending June 30, 2019, NATC received in-kind donations consisting of two 2013 Chevrolet Tahoe's from the White Mountain Apache Tribe valued at \$25,730. The vehicles were capitalized during the year as they were above the capitalization threshold.

NOTE 3 – CASH AND INVESTMENTS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	2020	2019
Cash - demand deposit	\$ 134,160	\$ 99,934
Investments - State Treasurer's Local Government Investment Pool 5	<u>991,520</u>	<u>-</u>
Total unrestricted cash and cash equivalents	<u>\$ 1,125,680</u>	<u>\$ 99,934</u>

Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares held by NATC. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

Credit Risk – NATC does not have a formal policy for credit risk. At June 30, 2020, credit risk for NATC's investments were invested in the State Treasurer's investment pool 5, rated by Standard and Poor's, as AAAf/S1+ in the amount of \$991,520.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, NATC will not be able to recover the value of its investments or collateral securities that are in an outside party's possession. NATC does not have a formal investment policy for custodial credit risk.

Northeast Arizona Training Center, Inc.
Notes to Financial Statements
June 30, 2020

NOTE 3 – CASH AND INVESTMENTS (continued)

Concentration of Credit Risk – NATC does not have a formal policy for concentration of credit risk.

Interest Rate Risk – NATC does not have a formal policy for interest rate risk. At June 30, 2020 NATC had the following investments in debt securities: \$991,520 invested in State Treasurer's investment pool 5, with a weighted average maturity of 1.56 months.

NOTE 4 – 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 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2020	2019
Land	\$ 110,000	\$ 110,000
Buildings	620,740	620,740
Training facilities	2,151,697	2,151,697
Other Capital Equipment	25,730	25,730
	2,908,167	2,908,167
Less accumulated depreciation	(1,232,520)	(1,121,346)
	\$1,675,647	\$1,786,821

Depreciation expense for the period ending June 30, 2020 was \$111,174 and for the period ending June 30, 2019 was \$106,028.

NOTE 6 - CASH FLOW INFORMATION

There were no non-cash financing transactions during the fiscal years 2020 or 2019. NATC paid no interest or income tax during the fiscal years 2020 or 2019.

NOTE 7 – FUNCTIONAL EXPENSES

Functional expenses are classified on the Statements of Activities for the years ending June 30, 2020, and 2019 by nature and function.