

LASSEN PINES MUTUAL WATER CO INC

REVIEWED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

LASSEN PINES MUTUAL WATER CO INC

TABLE OF CONTENTS

	PAGE NO.
Independent Accountants' Review Report.....	1
Statement of Financial Position.....	2 - 3
Statement of Activities and Changes in Net Assets.....	4 - 5
Statement of Cash Flows	6
Notes to the Financial Statements.....	7 - 9



INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Lassen Pines Mutual Water Co Inc
Shingletown, California

I have reviewed the accompanying financial statements of Lassen Pines Mutual Water Co Inc (a California nonprofit mutual benefit corporation) which comprise the Statement of Financial Position as of December 31, 2022, and the related statements of activities, net assets and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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 general 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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for the reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Teri L Simmons, CPA
April 18, 2024

LASSEN PINES MUTUAL WATER CO INC
(A California Nonprofit Mutual Benefit Corporation)
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

ASSETS

Current Asset

Cash and cash equivalents	\$	90,080
Accounts receivable		35,564
Accounts receivable - Judgement		18,316
Prepaid expenses, taxes		-
Prepaid expenses		6,524
		<hr/>
Total current assets		150,485

Capital Assets

Building and improvements		136,932
Equipment and machinery		59,184
Vehicles		10,456
Water system		661,118
		<hr/>
Total capital assets		867,690

Accumulated Depreciation		<hr/> (459,154)
--------------------------	--	-----------------

Total capital assets, net		408,536
---------------------------	--	---------

Non-current Asset

Construction in progress		<hr/> 1,704,607
Total non-current assets		1,704,607

Total Assets	\$	<hr/> <hr/> 2,263,628
--------------	----	-----------------------

LASSEN PINES MUTUAL WATER CO INC
(A California Nonprofit Mutual Benefit Corporation)
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

LIABILITIES

Current Liabilities	
Accounts payable	\$ 4,228
Payroll and related liabilities	-
Accrued expenses	-
Total Current Liabilities	<u>4,228</u>
Long Term Liabilities	
Deferred revenue, grants	<u>1,972,156</u>
Total Long Term Liabilities	<u>1,972,156</u>
Total Liabilities	<u>1,976,384</u>

NET ASSETS

Net Assets	
Without donor restrictions:	
Unrealized judgement income	\$ 18,316
Undesignated net assets	317,182
Unrestricted net assets	<u>(48,255)</u>
Total Net Assets	<u>287,244</u>
Total Liabilities and Net Assets	<u>\$ 2,263,628</u>

LASSEN PINES MUTUAL WATER CO INC
(A California Nonprofit Mutual Benefit Corporation)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended
DECEMBER 31, 2022

Revenue	
District water fees	\$ 187,189
Operations and maintenance base fees	36,747
Transfer fees	1,050
Hook up fees	118
Delinquency fees	4,837
Service and repair charges	4,376
Grant revenue	4,603
Annual Easement	50
Total Revenue	<u>230,219</u>
Costs of Good Sold	
Operator salaries and wages	55,809
Depreciation expense - system	14,209
Electric expense	22,096
Lab fees	2,913
System maintenance and supplies	45,958
SCADA Monitoring data plan	1,377
Cell phone - home office	1,500
License and permits	522
Generator costs	1,694
Health care expense	2,769
Total Cost of Goods Sold	<u>148,848</u>
Gross Profit	<u>81,371</u>
Operating Expenses	
Administrative salaries and wages	10,995
Advertising	20
Auto, gasoline, motor oil and repairs	1,342
Bank fees	411
Computer and internet	144
Grant expenses	-
Insurance expense	42,846
Legal and professional	14,625
Miscellaneous	409
Office supplies	4,342
Outside services	656
Payroll tax expense	6,923
Postage and delivery	1,480
Property taxes	625
Rent expense	300
Telephone expense	1,482
Utilities expense	833
Total operating expenses	<u>87,433</u>
Change in net assets before other income/expense	<u>(6,062)</u>

LASSEN PINES MUTUAL WATER CO INC
(A California Nonprofit Mutual Benefit Corporation)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended
DECEMBER 31, 2022

Other Income (expenses)	
Realized judgement income	325
Interest income	5
Interest expense	2
State income tax expense	<u>3,618</u>
Total Other Income (Expense)	<u>(3,289)</u>
Changes in net assets	<u>\$ (9,352)</u>
Net Assets at beginning of year	<u>\$ (38,903)</u>
Net Assets at end of year	<u>\$ (48,255)</u>

LASSEN PINES MUTUAL WATER CO INC
(A California Nonprofit Mutual Benefit Corporation)
STATEMENT OF CASH FLOWS

For the year ended
DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in Earnings from operations	\$ (9,352)
Adjustments to reconcile change in net income to net cash provided by (used in) operating activities:	
Depreciation and amortization	14,209
Gain of sale of assets	-
Decrease (increase) in operating assets:	
Accounts receivable	(9,494)
Prepaid expenses	3,484
Construction in progress	(1,704,607)
Increase (decrease) in operating liabilities:	
Accounts payable	(2,924)
Accrued wages and related	(13,561)
Other liabilities	-
Total adjustments	<u>(1,712,893)</u>
Net cash provided by (used in) operating activities	<u>(1,722,245)</u>

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of property and equipment	-
Proceeds from the sale of assets	-
Net cash provided by (used in) investing activities	<u>-</u>

CASH FLOW FROM FINANCING ACTIVITIES

Deferred revenue - grants	1,701,698
Unrealized judgement income	(275)
Net cash provided by (used in) investing activities	<u>1,701,423</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(20,822)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

110,902

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 90,080

SUPPLEMENTAL DISCLOSURES:

Interest received	<u>\$ 5</u>
Taxes paid	<u>\$ 3,618</u>
Interest paid	<u>\$ 2</u>

NOTE 1: ORGANIZATION AND STATEMENT OF PURPOSE:

Lassen Pines Mutual Water Co Inc (a Corporation) is a nonprofit mutual benefit corporation organized under the California Nonprofit Mutual Benefit Corporation Law. The Corporation was incorporated on August 16, 2010. The Corporation serves the Lassen Pines community located in northern California. The specific and primary purpose of the corporation is to develop, distribute, supply and deliver water for irrigation and domestic use to its members at actual cost, plus necessary expenses.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The corporation uses the accrual basis method of accounting for financial statements and for income tax reporting purposes. Under the accrual method, revenue is recognized when it is earned, and expenses are recognized when they are incurred.

CASH

For the purposes of the statement of cash flows, the Company considers all short-term securities purchased with a maturity of three months or less to be cash equivalents.

CAPITAL IMPROVEMENT FUND

The Corporation has a Capital Improvement Fund with Mechanic's Bank. The balance as of December 31, 2022, was \$72,215.

CONCENTRATION OF CREDIT RISK

The Corporation's revenues are potentially exposed to the concentration of credit risk due to fluctuation in membership fees. The Corporation is confident that current members continue to remit all fees when billed and management does not believe significant credit risk exists on December 31, 2022.

The Corporation's accounts receivable is potentially exposed to concentration of credit risk since five (5) customers at December 31, 2022 account for 69% of the total accounts receivable balance. However, the Corporation feels the credit risk is nominal as the corporation obtains liens from the court when necessary. The Corporation receives payments on a previous judgement with a balance due of \$18,316 as of December 31, 2022. Regular payments of \$25 per month are being received per court order.

The Corporation's financial instruments that are potentially exposed to concentration of credit risk consist primarily of cash and cash equivalents. The Corporation places its cash and temporary cash investment with high quality credit institutions. The Corporation believes the credit risk is nominal.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Management considers all receivables to be collectible, therefore, no allowance for doubtful accounts exists.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PREPAID EXPENSES

The corporation prepays for insurance each renewal year. The policy is renewed each November. Prepays also consist of prepaid property taxes at a minimal amount. The prepaid balance as of December 31, 2022, was \$6,524.

FIXED ASSETS

Fixed Assets are recorded at cost. Depreciation is calculated using the straight-line method. The cost of maintenance and repairs is charged to expense when incurred; significant renewals and improvements are capitalized. The corporation capitalized purchases over \$500. Gains or losses on disposition of assets are included in operation in the year of disposal. Depreciation expense was \$14,209 for the year ended December 31, 2022. Depreciation is allocated between direct costs and administrative expense based on the use of the assets. The district had no capital asset expense for the fiscal year.

The Corporation uses the following for determining useful life of the assets:

Equipment & Machinery	5, 7 or 10 years
Building & Improvements	27.5 to 31.5 years
Vehicles	5 years
Water System	5 to 67 years

DEFERRED REVENUE

Deferred revenue is the remaining revenue received from grants in order to purchase capital assets during 2017. The total revenue received from grants equaled \$294,088. The related capital assets are being accounted for as assets and will be depreciated over the useful life of those assets. Each year deferred revenue will be reduced by the equal amount of the deprecation claimed on those related assets. The earned revenue claimed from those grants in 2022 was \$4,603 which is the allowable depreciation for those related assets. The deferred revenue balance for this grant on December 31, 2022, was \$265,855.

The Corporation entered into a grant agreement with the California State Water Resources Control Board to make improvements to the water storage system effective August 1, 2017. The total grant amount is stated at \$2,075,000 and construction is expected to be complete by June 15, 2023. The grant is recorded as deferred revenue equal to the total amount of payouts received. The total costs associated with the project have been included in Construction in Progress account until placed in service in the amount of \$1,704,607 as of December 31, 2022. The deferred revenue balance for this grant on December 31, 2022, was \$1,701,301.

The total deferred revenue on December 31, 2022, was \$1,972,156.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COSTS OF GOODS SOLD

The Corporation designates certain expenses as direct expenses associated with the water services provided. These costs are reflected in the statement of activities in the heading of cost of goods sold.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures 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 could differ from those estimates.

INCOME TAXES

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due. The Corporation owed no income taxes during the year ended December 31, 2022.

Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as prescribed in FASB ASC 740. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision of income taxes. As of December 31, 2022, the company had no uncertain tax positions, or interest and penalties that qualify for either recognition or disclosure in the financial statements. With few exceptions the company is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for year before 2017.

NOTE 3: SUBSEQUENT EVENTS

The Company did not have any subsequent events through April 18, 2024, which is the date the financial statements were available to be issued, for events requiring disclosure in the financial statements for the year ended December 31, 2022.