

LASSEN PINES MUTUAL WATER CO INC

REVIEWED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

LASSEN PINES MUTUAL WATER CO INC

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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, 2023, 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, 2023

ASSETS

Current Asset	
Cash and cash equivalents	\$ 131,134
Accounts receivable	47,438
Accounts receivable - Judgement	17,966
Prepaid expenses, taxes	-
Prepaid expenses	7,420
Total current assets	203,958
Capital Assets	
Building and improvements	136,932
Equipment and machinery	59,184
Vehicles	10,456
Water system	3,039,218
Total capital assets	3,245,790
Accumulated Depreciation	(496,713)
Total capital assets, net	2,749,077
Total Assets	<u>\$ 2,953,035</u>

LIABILITIES

Current Liabilities	
Accounts payable	\$ 6,208
Payroll and related liabilities	889
Accrued expenses	-
Total Current Liabilities	7,097
Long Term Liabilities	
Deferred revenue, grants	2,608,116
Total Long Term Liabilities	2,608,116
Total Liabilities	<u>2,615,212</u>

NET ASSETS

Net Assets	
Without donor restrictions:	
Unrealized judgement income	\$ 17,966
Undesignated net assets	317,182
Unrestricted net assets	2,674
Total Net Assets	337,823
Total Liabilities and Net Assets	<u>\$ 2,953,035</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, 2023

Revenue	
District water fees	\$ 189,216
Operations and maintenace base fees	36,660
Transfer fees	450
Hook up fees	225
Delinquency fees	6,598
Service and repair charges	-
Grant revenue	30,042
Annual Easement	50
Total Revenue	<u>263,241</u>
Costs of Good Sold	
Operator salaries and wages	59,830
Depreciation expense - system	37,559
Electric expense	21,555
Lab fees	2,987
System maintenance and supplies	20,061
SCADA Monitoring data plan	26
Cell phone - home office	-
License and permits	596
Generator costs	1,470
Health care expense	-
Total Cost of Goods Sold	<u>144,085</u>
Gross Profit	<u>119,156</u>
Operating Expenses	
Administrative salaries and wages	12,100
Advertising	-
Auto, gasoline, motor oil and repairs	-
Bank fees	395
Computer and internet	60
Dues and subscriptions	280
Grant expenses	-
Insurance expense	32,888
Legal and professional	3,945
Miscellaneous	-
Office supplies	4,305
Outside services	1,300
Payroll tax expense	4,280
Postage and delivery	588
Property taxes	4,048
Rent expense	-
Telephone expense	2,966
Utilities expense	1,430
Total operating expenses	<u>68,584</u>
Change in net assets before other income/expense	<u>50,572</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, 2023

Other Income (expenses)	
Realized judgement income	350
Interest income	7
Interest expense	-
State income tax expense	-
Total Other Income (Expense)	<u>357</u>
Changes in net assets	<u><u>\$ 50,929</u></u>
Net Assets at beginning of year	<u>\$ (48,255)</u>
Net Assets at end of year	<u><u>\$ 2,674</u></u>

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

For the year ended
DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in Earnings from operations	\$ 50,929
Adjustments to reconcile change in net income to net cash provided by (used in) operating activities:	
Depreciation and amortization	37,559
Gain of sale of assets	-
Decrease (increase) in operating assets:	
Accounts receivable	(11,524)
Prepaid expenses	(896)
Construction in progress	1,704,607
Increase (decrease) in operating liabilities:	
Accounts payable	1,980
Accrued wages and related	889
Other liabilities	-
Total adjustments	<u>1,732,615</u>
Net cash provided by (used in) operating activities	<u>1,783,544</u>

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of property and equipment	(2,378,100)
Proceeds from the sale of assets	<u>-</u>
Net cash provided by (used in) investing activities	<u>(2,378,100)</u>

CASH FLOW FROM FINANCING ACTIVITIES

Deferred revenue - grants	635,960
Unrealized judgement income	<u>(350)</u>
Net cash provided by (used in) investing activities	<u>635,610</u>

**NET INCREASE (DECREASE) IN CASH
AND CASH EQUIVALENTS**

41,054

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

90,080

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 131,134

SUPPLEMENTAL DISCLOSURES:

Interest received	<u>\$ 7</u>
Taxes paid	<u>\$ -</u>
Interest paid	<u>\$ -</u>

LASSEN PINES MUTUAL WATER CO INC
(A California Nonprofit Mutual Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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.

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, 2023.

The Corporation's accounts receivable is potentially exposed to concentration of credit risk since ten (10) customers on December 31, 2023 account for 80% of the total accounts receivable balance. However, the Corporation feels the credit risk is nominal as the corporation places liens when necessary. The Corporation receives a judgement with the balance due of \$17,966 as of December 31, 2023. 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, 2023, was \$7,420.

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 \$37,559 for the year ended December 31, 2023. Depreciation is allocated between direct costs and administrative expense based on the use of the assets. The district has placed \$2,378,100 of assets for the Water System Project into service as of August 1, 2023. No other assets were placed into service for the corporation.

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 2023 was \$5,534 which is the allowable depreciation for those related assets. The deferred revenue balance on December 31, 2023, was \$260,321.

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 Water System Project was placed into service as of August 1, 2023. The total payments received for 2023 was \$666,002. The deferred revenue balance for this grant on December 31, 2023, was \$2,347,795 which includes change order approved by the state.

The total deferred revenue on December 31, 2023, was \$2,608,116.

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 on 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, 2023.

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, 2023, 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 2018.

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, 2023.