

BELMONT TERRACE MUTUAL WATER COMPANY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

SEPTEMBER 30, 2020

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Belmont Terrace Mutual Water Company
Sebastopol, California

We have reviewed the accompanying financial statements of Belmont Terrace Mutual Water Company (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is an expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our 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 American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our report.

Accountant's Conclusion

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



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Report on Summarized Comparative Information

We have previously reviewed Belmont Terrace Mutual Water Company for the year ending September 30, 2019, and we were not aware of any material modifications that should be made on those financial statements in our report dated November 19, 2019. In our opinion, the summarized comparative information presented here in as of and for the year ended September 30, 2019, is consistent, in all the material respects, with the reviewed financial statements from which it is derived.

Goranson and Associates, Inc.

January 22, 2021

Santa Rosa, CA

BELMONT TERRACE MUTUAL WATER COMPANY
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020
(With summarized comparative totals for September 30, 2019)
See Independent Accountant's Review Report

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 282,619	\$ 228,804
Accounts receivable	12,604	18,385
Other current assets	1,810	3,541
Total current assets	<u>297,033</u>	<u>250,730</u>
Fixed assets:		
Building, land and improvements	413,612	407,762
Less accumulated depreciation	(82,313)	(75,933)
Net fixed assets	<u>331,299</u>	<u>331,829</u>
Total assets	<u>\$ 628,332</u>	<u>\$ 582,559</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Credit cards payable	\$ 282	\$ (308)
Accrued expenses	468	-
Total liabilities	<u>750</u>	<u>(308)</u>
Net assets without donor restriction	<u>627,582</u>	<u>582,867</u>
Total liabilities and net assets	<u>\$ 628,332</u>	<u>\$ 582,559</u>

The accompanying notes are an integral part of these financial statements

BELMONT TERRACE MUTUAL WATER COMPANY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(with summarized comparative totals for the year ended September 30, 2019)
See Independent Accountant's Review Report

	2020	2019
SUPPORT AND REVENUE:		
Water Revenue	\$ 109,506	\$ 106,967
Interest Income	1,788	1,483
Total support and revenue	<u>111,294</u>	<u>108,450</u>
EXPENSES:		
Salaries and wages	10,653	8,571
Employee benefits	566	840
Payroll tax expenses	1,047	1,046
Professional services	16,994	17,840
Depreciation & amortization	6,380	6,498
Utilities	9,331	7,651
Program & general supplies	3,319	2,638
Insurance	3,804	3,675
Water testing	3,240	1,417
Payroll service	762	837
Property taxes	821	817
Office expense	117	342
Dues and fees	4,255	132
Mileage reimbursement	291	305
Rent	-	50
Equipment repairs and rental	2,325	812
Meetings & Seminars	-	541
Other expenses	2,674	(469)
Total operating expenses	<u>66,579</u>	<u>53,543</u>
CHANGE IN NET ASSETS	44,715	54,907
NET ASSETS, beginning	<u>582,867</u>	<u>527,960</u>
NET ASSETS, ending	<u>\$ 627,582</u>	<u>\$ 582,867</u>

The accompanying notes are an integral part of these financial statements

BELMONT TERRACE MUTUAL WATER COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(with summarized comparative totals for the year ended September 30, 2019)
See Independent Accountant's Review Report

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 44,715	54,907
Adjustments to reconcile change in net assets to cash from operations		
Depreciation and amortization	6,380	6,498
(Increase) decrease in:		
Accounts and grants receivable	5,781	525
Prepaid expenses and deposits	1,731	(1,119)
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>1,058</u>	<u>(755)</u>
Total cash provided (used) by operations	59,665	60,056
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales proceeds from sale of investment		
Purchase of property and equipment	<u>(5,850)</u>	<u>-</u>
NET CHANGE IN CASH	53,815	60,056
CASH, beginning of year	<u>228,804</u>	<u>168,748</u>
CASH, end of year	<u>\$ 282,619</u>	<u>\$ 228,804</u>

The accompanying notes are an integral part of these financial statements

BELMONT TERRACE MUTUAL WATER COMPANY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 ORGANIZATION

Belmont Terrace Mutual Water Company (Company) was created in 1962 to provide water to the lots and parcels of land that compromise Belmont Terrace, a tract of land outside the city limits of Sebastopol, California. It currently serves approximately 87-member families, providing water for domestic use and maintaining the water system.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Company reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restriction – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Company to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

Net assets released from donor restriction – Net assets with donor restriction are “released” to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Other Basis of Presentation Policies – Revenues or support are reported as increases in unrestricted net assets unless subject to donor-imposed restrictions. If net assets with restrictions are fulfilled in the same time period the revenue or support is received, the Company reports the revenue or support as without donor restriction. Expenses are reported as decreases in net assets without donation. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donation unless restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents – Cash equivalents consist primarily of checking accounts, money market accounts and other investments with an original maturity of 90 days or less.

Property and Equipment – Items exceeding \$500 are capitalized. Property and equipment are carried at cost or at estimated fair market value at date of donation. Depreciation is calculated using the straight-line method over the useful life of the asset, usually five to thirty years depending upon the asset. Ongoing repair and maintenance expenses are recognized as current period expense.

BELMONT TERRACE MUTUAL WATER COMPANY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes – The Company is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(12). Therefore, no provision for income taxes has been made in the accompanying financial statements.

Management of the Company considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Company's status as a not-for-profit entity. Management believes the Company met the requirements to maintain its tax-exempt status and has not income subject to unrelated business income tax; therefore, no provision for income taxes has been provided in these financial statements. The Company's tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

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 these estimates.

Summarized Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Company's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

BELMONT TERRACE MUTUAL WATER COMPANY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3 LIQUIDITY

The following reflects the Company's financial assets as of September 30, 2020:

Financial assets at yearend

Cash and cash equivalents	\$ 282,619
Accounts receivables	<u>12,604</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 295,223</u></u>

The Company has no restrictions on assets.

NOTE 4 FUNCTIONAL EXPENSES

Expenses presented on a functional basis are as follows at September 30, 2020:

	<u>Program</u>	<u>Administrative</u>	<u>Total</u>
Personnel	\$ 12,266		\$ 12,266
			-
Professional services	-	\$ 16,994	16,994
Depreciation	6,380	-	6,380
Utilities	9,331	-	9,331
Supplies	3,319	-	3,319
Insurance	3,804	-	3,804
Water testing	3,240	-	3,240
Other operating	<u>3,087</u>	<u>8,158</u>	<u>11,245</u>
	<u><u>\$ 41,427</u></u>	<u><u>\$ 25,152</u></u>	<u><u>\$ 66,579</u></u>

NOTE 5 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through January 22, 2021, the date the financial statements were available to be issued. In January 2020, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions. This could have a material effect on the Coalition's operations, financial position, and cash flows.