

**HUDSON GAARS MILL
WATER SYSTEM, INC.**

FINANCIAL REPORT
DECEMBER 31, 2022

SHANNA JONES, CPA
WINNFIELD, LOUISIANA

HUDSON GAARS MILL WATER SYSTEM, INC.
DODSON, LOUISIANA

FINANCIAL REPORT
DECEMBER 31, 2022

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Shanna Jones, CPA

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ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors of
Hudson Gaars Mill Water System, Inc.

Management is responsible for the accompanying financial statements of Hudson Gaars Mill Water System, Inc. (a Non-Profit Corporation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, function of expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. I do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Other Matter

Supplementary Information

Act 462 of 2015, which amends Act 706 of the Louisiana 2014 Legislative Session requires a Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head or Chief Executive Officer supplement the financial statements. I have applied certain limited procedures to the required supplementary information presented on page 13, in accordance with accounting principles generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my compilation of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

I am not independent with respect to Hudson Gaars Mill Water System, Inc.

Shanna Jones

Shanna Jones, CPA
Winnfield, Louisiana
February 16, 2023

HUDSON GAARS MILL WATER SYSTEM, INC.
DODSON, LA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS:

Current Assets:

Cash & Cash Equivalents	\$	43,152
Accounts Receivable, Net		12,857
Prepaid Expense		<u>482</u>
Total Current Assets		56,491

Non-Current Assets:

Restricted Cash		50,945
Capital Assets (Net)		<u>2,003,187</u>
Total Non-Current Assets		<u>2,054,132</u>

Total Assets	\$	<u><u>2,110,623</u></u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	\$	15,800
Sales Tax Payable		34
Payroll & Related Liabilities		765
Current portion of USDA Loan		18,866
Customer Deposit Liabilities		<u>13,750</u>
Total Current Liabilities		49,215

Non-Current Liabilities:

USDA Loan, Net of Current Portion		<u>926,064</u>
Total Noncurrent Liabilities		<u>926,064</u>

Total Liabilities		975,279
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NET ASSETS:

Without Donor Restrictions		1,135,344
With Donor Restrictions		<u>-</u>
Total Net Assets		<u>1,135,344</u>

Total Liabilities and Net Assets	\$	<u><u>2,110,623</u></u>
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See accompanying notes and accountant's compilation report.

HUDSON GAARS MILL WATER SYSTEM, INC.
DODSON, LA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in Net Assets:			
REVENUES:			
Water Sales	\$ 143,056		\$ 143,056
Other Related Fees	5,817		5,817
Miscellaneous	8,069		8,069
Interest Earned	<u>63</u>		<u>63</u>
Total Revenues	157,005	-	157,005
EXPENSES:			
Program:			
Program Services	133,608		133,608
Supporting:			
Management & General	<u>54,890</u>		<u>54,890</u>
Total Expenses	188,498	-	188,498
Change in Net Assets	(31,493)	-	(31,493)
Net Assets January 1, 2022	<u>1,166,837</u>	<u>-</u>	<u>1,166,837</u>
Net Assets December 31, 2022	<u>\$ 1,135,344</u>	<u>\$ -</u>	<u>\$ 1,135,344</u>

See accompanying notes and accountant's compilation report.

HUDSON GAARS MILL WATER SYSTEM, INC.
DODSON, LA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

Without Donor Restrictions:

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Water</u>	<u>Management & General</u>	<u>Total</u>
Advertising—Legal		\$ 257	\$ 257
Accounting		18,600	18,600
Contract Labor		2,870	2,870
Depreciation	\$ 51,874	-	51,874
Dues & Subscriptions	1,328	-	1,328
Insurance	-	4,804	4,804
Interest	13,131	-	13,131
Legal Fees	-	6,066	6,066
Office Supplies	-	4,202	4,202
Payroll	-	13,617	13,617
Postage	-	2,117	2,117
Repairs & Maintenance	35,345	-	35,345
System Supplies	5,477	-	5,477
Taxes, Licenses & Permits	2,534	1,511	4,045
Travel/Conferences	-	846	846
Utilities	<u>23,919</u>	<u>-</u>	<u>23,919</u>
Total Expenses	<u>\$ 133,608</u>	<u>\$ 54,890</u>	<u>\$ 188,498</u>

See accompanying notes and accountant's compilation report.

HUDSON GAARS MILL WATER SYSTEM, INC.
DODSON, LA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows from Operating Activities:

Change in Net Assets	\$ (31,493)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by/(Used In) Operating Activities:	
Depreciation	51,874
Changes in Assets & Liabilities:	
(Increase)/Decrease in Accounts Receivable, Net	(2,331)
(Increase)/Decrease in Grant Receivable	162,821
(Increase)/Decrease in Prepaid Expense	(44)
Increase/(Decrease) in Accounts Payable	(12,307)
Increase/(Decrease) in Sales Tax Payable	14
Increase/(Decrease) in Payroll Related Payable	516
Increase/(Decrease) in Retainage Payable	(146,661)
Increase/(Decrease) in Customer Deposit Liabilities	<u>305</u>
Net Cash Provided by/(Used In) Operating Activities	<u>22,694</u>

Cash Flows from Investing Activities:

Purchases of Assets	<u>-</u>
Net Cash Provided by/(Used In) Investing Activities	<u>-</u>

Cash Flows from Financing Activities:

Principal Payments on Loan	<u>(18,609)</u>
Net Cash Provided By/(Used In) Financing Activities	<u>(18,609)</u>

Net Increase/(Decrease) in Cash & Cash Equivalents 4,085

Cash & Cash Equivalents—Beginning of Year 90,012

Cash & Cash Equivalents—End of Year \$ 94,097

Cash & Cash Equivalents—Beginning of Year	
Unrestricted Cash	\$ 54,675
Restricted Cash	<u>35,337</u>
Total Cash & Cash Equivalents—Beginning of Year	<u>\$ 90,012</u>

Cash & Cash Equivalents—End of Year	
Unrestricted Cash	\$ 43,152
Restricted Cash	<u>50,945</u>
Total Cash & Cash Equivalents—End of Year	<u>\$ 94,097</u>

See accompanying notes and accountant's compilation report.

NOTES TO FINANCIAL STATEMENTS

HUDSON GAARS MILL WATER SYSTEM, INC.
DODSON, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1—INTRODUCTION

The Hudson Gaars Mill Water System, Inc. was formed as a non-profit corporation on a non-stock basis under the provisions of Title 12, Sections 201-209, of the Louisiana Revised Statutes in 1977. The Corporation was formed for the mutual benefit of its members to construct, maintain, and operate a private water system providing a supply of water to its membership. Persons who are owners or part owners, or have a substantial possessory interest in property desired to be served by the corporation's water system, shall be admitted as members. The voting power and property rights and interest of each member whose fees are fully paid and who is in good standing shall be equal and each member shall be entitled to one vote only regardless of the number of membership certificates held.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Hudson Gaars Mill Water System, Inc. conform to generally accepted accounting principles as applicable to nonprofit organizations. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

Basis of Presentation

The Hudson Gaars Mill Water System, Inc. has adopted the provisions of FASB Accounting Standards Codification 958-205. Under the new Accounting Standards Update 2016-14, the Hudson Gaars Mill Water System, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. In addition, the Hudson Gaars Mill Water System, Inc. is required to present a statement of cash flows.

Measurement Focus and Basis of Accounting

The Hudson Gaars Mill Water System, Inc. uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Assets Liabilities and Equity

Cash and Cash Equivalents—The Water System's cash and cash equivalents are considered to be cash in demand deposits, interest bearing deposits and time deposits of less than 90 days as applicable.

Restricted Cash and Cash Equivalents—The Water System has cash in demand deposits and interest bearing deposits that is restricted by grants or loans and others by customer deposits. The Water System collects deposits from their water customers. These collections are primarily kept in a separate account restricted for utility deposits.

HUDSON GAARS MILL WATER SYSTEM, INC.
DODSON, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Equity Classifications— Under FASB Accounting Standards Update 2016-14, financial position is classified as net assets and displayed in two components as applicable. The components are as follows:

Net Assets with Donor Restrictions — The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net Assets without Donor Restrictions —The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

At December 31, 2022 the Water System had no funds in Net Assets with Donor Restrictions. All \$1,135,344 of Net Assets were made up Net Assets without Donor Restrictions.

Inventories—The Water System does not maintain inventories. Supplies are purchased on an as needed basis and are used normally within the year purchased.

Capital Assets—The Hudson Gaars Mill Water System, Inc. has depreciable fixed assets that are depreciated over the estimated useful life of the related asset. Depreciation is computed on the straight line basis. The assets estimated useful lives are as follows:

Water Distribution System/Line Extension	40 years
Buildings	40 years

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized. When plant and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation are relieved, and any gain or loss is included in activities.

Leases—There were no leases in effect during the year ended December 31, 2022.

Compensated Absences—There are no full-time employees, therefore no entry is made to record compensated absences.

Budget—The Hudson Gaars Mill Water System, Inc. is not required to adopt a budget, except for specific grant/loan usage. Accordingly, no budget comparisons have been presented.

Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

HUDSON GAARS MILL WATER SYSTEM, INC.
DODSON, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Income Taxes—The Hudson Gaars Mill Water System, Inc. is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes has been made in the accompanying financial statements.

NOTE 3—CASH AND CASH EQUIVALENTS

At December 31, 2022, the carrying amount of the Hudson Gaars Mill Water System Inc.’s cash and cash equivalents totaled \$94,097. At December 31, 2022, the Water System bank balances totaled \$94,733; the Water System was fully insured by FDIC at fiscal year-end.

NOTE 4—ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2022, consisted of \$17,507 due from water customers. The Water System services approximately 220 residential and commercial customers. At December 31, 2022, an allowance for doubtful accounts was made for \$4,650.

NOTE 5—LIQUIDITY OF FINANCIAL ASSETS

The following reflects the Water System’s financial assets as of the December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date, December 31, 2022.

Total Current Assets, 12/31/22	\$ 56,491
Less those unavailable for general expenditures within one year, due to:	
Prepays	<u>(482)</u>
Financial Assets available to meet cash needs for General Expenditures within one year	<u>\$ 56,009</u>

NOTE 6—CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2022 are as follows:

	<u>Balance</u> <u>01/01/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/22</u>
Capital Assets:				
Non-Depreciable				
Land	\$ 4,000	\$ -	\$ -	\$ 4,000
Depreciable				
Buildings	28,596	-	-	28,596
Water Distribution System	<u>2,046,380</u>	<u>-</u>	<u>-</u>	<u>2,046,380</u>
Subtotal Depreciable	<u>2,074,976</u>	<u>-</u>	<u>-</u>	<u>2,074,976</u>
Subtotal of Assets	2,078,976	-	-	2,078,976

HUDSON GAARS MILL WATER SYSTEM, INC.
DODSON, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

	<u>Balance</u> <u>01/01/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/22</u>
Capital Assets:				
Less: Accumulated Depreciation				
Buildings	21,935	51,214	-	73,149
Water Distribution System	<u>1,980</u>	<u>660</u>	<u>-</u>	<u>2,640</u>
Subtotal of Accum. Deprec.	23,915	51,874	-	75,789
Net Capital Assets	<u>\$2,055,061</u>			<u>\$ 2,003,187</u>

Depreciation expense for the year ended December 31, 2022 totaled \$51,874.

NOTE 7—USDA LOAN

The Hudson Gaars Mill Water System received loan proceeds from the USDA Rural Development in the prior fiscal years for construction on the water system improvements. Grant monies were also received for the project which was deemed substantial complete on August 12, 2021.

USDA Loan	\$	963,539
Payments		(31,740)
Interest portion of payments		<u>13,131</u>
Balance 12/31/22	<u>\$</u>	<u>944,930</u>

The USDA Rural Development note payable of \$976,000 is approximately 40-year term note secured by the water system assets and maturing in April of 2061. The loan was approved under Water and Waste Disposal Systems for Rural Communities, CFDA 10.760. It is payable in monthly installments of \$2,645 with 1.375% interest. The annual payment requirements are listed below including an estimated \$271,236 in interest.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 18,866	\$ 12,874	\$ 31,740
2024	19,127	12,613	31,740
2025	19,391	12,349	31,740
2026	19,660	12,080	31,740
2027	19,932	11,808	31,740
2028-2032	103,873	54,827	158,700
2033-2037	111,261	47,439	158,700
2038-2042	119,175	39,525	158,700
2043-2047	127,652	31,048	158,700
2048-2052	136,731	21,969	158,700
2053-2057	146,456	12,244	158,700
2058-2061	<u>102,806</u>	<u>2,460</u>	<u>105,266</u>
Totals	<u>\$ 944,930</u>	<u>\$ 271,236</u>	<u>\$ 1,216,166</u>

HUDSON GAARS MILL WATER SYSTEM, INC.
DODSON, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8—USDA GRANTS

In the original planning for the water system improvements were grants for the initial study of \$30,000 and \$826,000 for the actual construction. The second grant was not to be utilized until all loan proceeds (see Note 7) were exhausted. An additional grant of up to \$237,000 was awarded for improvements. For the construction deemed substantial complete on August 12, 2021, 162,821 in grant monies were receivable as of December 31, 2021. These monies were received and paid to vendors at the beginning of the fiscal year end December 31, 2022, but as previously stated these were accrued for the prior year.

NOTE 9—RESERVES/RESTRICTIONS

Under FASB ASU 2016-14 only net assets restricted by donors is grouped as restricted in equity. However some cash is required to be reserved/restricted by the loan.

Once the USDA Rural Development project was complete the Water System became required to place \$315.30 per month in a Debt Service Reserve account until it accumulates \$37,836. The Water System deposited some money in restricted accounts early causing reserves to be in excess of the current year required amount. At December 31, 2022 \$10,561 in cash was in the restricted for the Debt Service Reserve account. In addition a Reserved for Short Lived Asset Fund was required. The loan documentation stated \$14,508 must be deposited annually into that account for the life of the loan. As of December 31, 2022, \$26,634 was deposited into this reserve account.

Also included in restricted cash is approximately \$13,750 related to the deposits the Water System collected from their water customers. These utility deposits are classified as restricted because their use is limited.

NOTE 10—DONATED SERVICES, MATERIALS, AND FACILITIES

The Hudson Gaars Mill Water System, Inc. received no donated services or materials in the operation of the system in the current fiscal year. The water system does not use any donated facilities.

NOTE 11—LITIGATION

The Hudson Gaars Mill Water System, Inc. was not involved in litigation at December 31, 2022.

NOTE 12—RELATED PARTY DISCLOSURES

The water system had board members also listed as an officers paid for bookkeeping services. The secretary was paid as a part-time employee and received monies in the amount of \$4,007 for her bookkeeping services and \$904 in mileage related to the fiscal year ended December 31, 2022. When this secretary became president of the board, a new secretary was hired; however when that

HUDSON GAARS MILL WATER SYSTEM, INC.
DODSON, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

president resigned the new secretary was made a board member. During the fiscal year, the portion of wages paid to this secretary after becoming both a board member and officer was \$3,822. During this same time period, this secretary also received \$554 in mileage and \$1,115 for reading meters. Another member became a board member and later the vice president. During her time on the board this vice president assisted in the office and received \$2,258 in wages and \$123 in mileage.

NOTE 13—COMPENSATION OF BOARD DIRECTORS

The members of the Board of Directors of the Hudson Gaars Mill Water System receive no compensation for their services as directors.

NOTE 14—OTHER DISCLOSURES

Management has evaluated events through February 16, 2023, the date which the financial statements were available for issue. There were no items noted to be reported as subsequent events, other than the board was notified that the USDA grant money was not fully utilized and they were in the process of gathering invoices to submit for reimbursement.

SUPPLEMENTARY INFORMATION

HUDSON GAARS MILL WATER SYSTEM, INC.
DODSON, LA
SCHEDULE OF COMPENSATION
FOR THE YEAR ENDED DECEMBER 31, 2022

In accordance with Act 462 of 2015 which amends Act 706 of the 2014 Legislative Session, payments to Agency Head or Chief Executive Officer must be disclosed. Included in the Disclosure Requirements are any reimbursements of travel or per diem, payments of salary, or payments to retirement or health insurance, providing of a vehicle, etc. for the Agency Head. The Agency Head of the Hudson Gaars Mill Water System, Inc. would be its Board Members during the fiscal year ended December 31, 2022. Board members at large for the entire year were: Beth Terral, Delton Carpenter. The year began with President Randal Robertson, Vice President John North and Secretary Linda Bustin. On July 26, 2022 Mr. Robertson resigned, Linda Bustin became President, and Quanita Gaar was added as a member. Jerri "Chris" Ketchum was made Secretary as an officer but not member. On September 13, 2022, Ms. Bustin resigned, Mr. North became President, Ms. Gaar Vice President, and Ms. Ketchum joined the board while retaining the position of Secretary.

For a non-profit entity only payments made from public funds are required to be included. Public funds are defined as those made from the State or Federal. As no payments were noted to be made with public funds no disclosure is required.

See accountant's compilation report.