

MILLSAP WATER SUPPLY CORPORATION

**Annual Financial Statements
For the Years Ending November 30, 2021 and 2020**

MILLSAP WATER SUPPLY CORPORATION
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November 30, 2021

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MILLSAP WATER SUPPLY CORPORATION
Principal Officials
November 30, 2021

<u>Name</u>	<u>Office</u>
Arnold Garrett	President
Jamie French	Vice President
Jason Schrick	Secretary/Treasurer
Fred Griffin	Board Member
Joe D. Young	Board Member
David Meals	Board Member
Kenneth Barnes	Board Member
Dawne Steen	Bookkeeper/Office Manager
Matt Souders	Operator

FINANCIAL SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Millsap Water Supply Corporation

We have audited the accompanying financial statements of Millsap Water Supply Corporation (a nonprofit organization), which comprise the balance sheets as of November 30, 2021 and 2020, and the related statements of revenue and expenses, net assets and members' equity, 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 Millsap Water Supply Corporation as of November 30, 2021 and 2020, and the changes in net assets, members' equity, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Snow Garrett Williams

Snow Garrett Williams
January 12, 2022

MILLSAP WATER SUPPLY CORPORATION
Balance Sheets
November 30, 2021 and 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 287,156	\$ 363,670
Accounts receivable	66,721	51,142
Inventory	53,825	40,049
TOTAL CURRENT ASSETS	407,702	454,861
PROPERTY AND EQUIPMENT, AT COST		
Land	15,471	15,471
Easements	5,900	5,900
Buildings	118,285	118,285
Building improvements	101,226	101,226
Construction in progress	4,727	7,377
Water distribution system	1,409,227	1,238,411
Vehicle	34,993	34,993
Equipment	5,282	5,282
Office equipment	12,438	12,438
Total Property and Equipment	1,707,549	1,539,383
Less: Accumulated depreciation	(1,041,510)	(995,565)
NET PROPERTY AND EQUIPMENT	666,039	543,818
OTHER ASSETS		
Utility deposit	50	50
TOTAL OTHER ASSETS	50	50
TOTAL ASSETS	\$ 1,073,791	\$ 998,729

The accompanying notes are an integral part of these financial statements.

MILLSAP WATER SUPPLY CORPORATION
Balance Sheets
November 30, 2021 and 2020

LIABILITIES, NET ASSETS AND MEMBERS' EQUITY	2021	<u>2020</u>
CURRENT LIABILITIES		
Accounts payable	\$ 22,557	\$ 15,635
Payroll taxes payable	2,999	<u>2,639</u>
TOTAL CURRENT LIABILITIES	<u>25,556</u>	<u>18,274</u>
NET ASSETS AND MEMBERS' EQUITY		
Without Restrictions:		
Net assets	442,098	435,052
Memberships	190,809	130,075
Donated capital	415,328	<u>415,328</u>
TOTAL NET ASSETS AND MEMBERS' EQUITY	<u>1,048,235</u>	<u>980,455</u>
TOTAL LIABILITIES, NET ASSETS AND MEMBERS' EQUITY	<u><u>\$ 1,073,791</u></u>	<u><u>\$ 998,729</u></u>

The accompanying notes are an integral part of these financial statements.

MILLSAP WATER SUPPLY CORPORATION
Statements of Revenues and Expenses
For the Years Ended November 30, 2021 and 2020

<u>WITHOUT RESTRICTIONS</u>	2021	2020
REVENUES		
Water revenue	\$ 453,320	\$ 404,544
Connect and installation fees	14,263	6,340
Late payment charges	10,690	8,340
TOTAL REVENUES	478,273	419,224
COST OF GOODS SOLD		
Water purchases	165,876	140,713
Direct labor	53,011	50,032
Contract labor	21,163	14,648
Equipment rental	120	120
Utilities	3,303	3,098
Plant supplies and chemicals	4,263	1,551
Lab costs	1,514	1,391
TOTAL COST OF GOODS SOLD	249,250	211,553
GROSS PROFIT	229,023	207,671
OPERATING EXPENSES		
Accounting	14,725	14,700
Advertising	-	405
Bad debt	-	3,174
Building and land rent	667	684
Depreciation	45,945	45,648
Dues and subscriptions	695	695
Fuel	1,842	1,384
Insurance	19,846	19,248
Licenses and fees	5,776	1,009
Miscellaneous expenses	17,360	3,121
Office salaries	55,703	45,146
Office supplies	8,205	9,326
Other taxes	3,374	3,407
Postage	3,799	3,531
Payroll taxes	10,208	8,684
Repairs and maintenance	29,774	16,328
Telephone and utilities (office)	6,933	6,981
Training	-	1,500
TOTAL OPERATING EXPENSES	224,852	184,971
NET OPERATING INCOME	4,171	22,700
OTHER REVENUE		
Interest revenues	289	634
Miscellaneous revenues	2,586	1,616
TOTAL OTHER REVENUE	2,875	2,250
INCREASE IN NET ASSETS	\$ 7,046	\$ 24,950

The accompanying notes are an integral part of these financial statements.

MILLSAP WATER SUPPLY CORPORATION
Statements of Net Assets and Members' Equity
November 30, 2021 and 2020

2021	Without Restrictions			Total
	Net Assets	Memberships	Donated Capital	
Beginning Balance	\$ 435,052	\$ 130,075	\$ 415,328	\$ 980,455
Net Increase (Decrease)	7,046	-	-	7,046
Memberships (Net)	-	60,734	-	60,734
Ending Balance	<u>\$ 442,098</u>	<u>\$ 190,809</u>	<u>\$ 415,328</u>	<u>\$ 1,048,235</u>

2020	Without Restrictions			Total
	Net Assets	Memberships	Donated Capital	
Beginning Balance	\$ 410,102	\$ 117,882	\$ 415,328	\$ 943,312
Net Increase (Decrease)	24,950	-	-	24,950
Memberships (Net)	-	12,193	-	12,193
Ending Balance	<u>\$ 435,052</u>	<u>\$ 130,075</u>	<u>\$ 415,328</u>	<u>\$ 980,455</u>

MILLSAP WATER SUPPLY CORPORATION
Statements of Cash Flows
November 30, 2021 and 2020

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 7,046	\$ 24,950
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	45,945	45,648
(Increase) decrease in:		
Accounts receivable	(15,579)	(2,415)
Inventory	(13,776)	(8,176)
Increase (decrease) in:		
Accounts payable	6,922	(2,005)
Payroll taxes payable	360	469
Net Cash Provided by Operating Activities	30,918	58,471
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(168,166)	(30,282)
Net Cash Used in Investing Activities	(168,166)	(30,282)
CASH FLOW FROM FINANCING ACTIVITIES		
Net membership additions	60,734	12,193
Net Cash Provided by Financing Activities	60,734	12,193
NET INCREASE/(DECREASE) IN CASH	(76,514)	40,382
Cash and Cash Equivalents		
Beginning of the Year	363,670	323,288
CASH AND CASH EQUIVALENTS		
End of the Year	\$ 287,156	\$ 363,670

The accompanying notes are an integral part of these financial statements.

MILLSAP WATER SUPPLY CORPORATION
Notes to Financial Statements
November 30, 2021 and 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization

The Millsap Water Supply Corporation is a nonprofit organization comprised of the members of the community purchasing a membership. The governing body is a Board of Directors elected at large from the members; officers are elected among the Board Members. The purpose of the Corporation is to provide rural water service to its members at as low a cost as possible.

Financial Statement Presentation

The Corporation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, all revenues are recognized when earned and expenses are recognized in the period in which the liabilities are incurred. Expenses are reported in the financial statements according to their natural classification under a single function of operating expenses related to the sale of water. As mentioned above, the Corporation is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without restrictions: Net assets that are not subject to restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the Board of Directors.

Net assets with restrictions: Net assets subject to stipulations imposed by others including contracts, grants, and legal documents such as bond documents. Some restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other restrictions are perpetual in nature, whereby the funds are maintained in perpetuity.

There were no restrictions on the corporations net assets and members' equity for the fiscal years ended November 30, 2021 and 2020.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes all unrestricted cash and highly liquid debt instruments purchased with maturities of three months or less.

Inventory

Inventory consists of materials and supplies used for repairs and is recorded at cost, which approximates market, using the last-in, first-out method.

MILLSAP WATER SUPPLY CORPORATION
Notes to Financial Statements
November 30, 2021 and 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment that have a useful life of greater than one to three years or more, and that are over \$1,000, are stated at cost. Donated property and equipment are recorded at estimated fair value at the date the assets are placed in service. Depreciation expense is calculated on the straight-line basis over the estimated useful lives of the assets.

The estimated useful lives of the major classes of assets are as follows:

Buildings	39 years
Building Improvements	10 years
Water System	20-50 years
Machinery and Equipment	5-10 years
Office Equipment	5-10 years

Maintenance and repairs are charged to expense as incurred. When facilities are retired or disposed of, the cost is removed from the asset accounts and the related depreciation reserve is adjusted with the difference being charged to income.

Bad Debts

The Corporation writes off bad debts to income when determined that an account is uncollectible. It is management's opinion that substantially all receivables at November 30, 2021 and 2020 are collectible. Accordingly, no allowance for bad debts is required.

Income Taxes

The Corporation is qualified as an exempt organization for federal income tax purposes under Internal Revenue Code Section 501(c)(12) and has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination of taxing authorities. The Corporation has analyzed tax positions taken for filing with the Internal Revenue Service. The Corporation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Corporation's financial condition, results of operations or cash flows. Accordingly, the Corporation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at November 30, 2021.

The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Corporation believes it is no longer subject to income tax examinations for years prior to November 30, 2017.

MILLSAP WATER SUPPLY CORPORATION
Notes to Financial Statements
November 30, 2021 and 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - DEPOSITS, SECURITIES, AND INVESTMENTS

The Corporation maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The bank accounts, at times, may exceed federally insured limits. On November 30, 2021 and 2020, the Corporation had no uninsured cash balances.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The Corporation's financial assets reported as current assets at November 30, 2021 and 2020 of \$407,702 and \$454,861, respectively, are available to meet the Corporation's general expenses over the next year from the balance sheet date. The Corporation's goal is generally to maintain liquidity and provide timely working funds that are sufficient to cover anticipated expenses over the next twelve months.

MILLSAP WATER SUPPLY CORPORATION
Notes to Financial Statements
November 30, 2021 and 2020

NOTE 4 - CHANGES IN PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

2021				
	Balance 12/1/2020	Additions	Deletions	Balance 11/30/2021
Land	\$ 15,471	\$ -	\$ -	\$ 15,471
Easements	5,900	-	-	5,900
Buildings	118,285	-	-	118,285
Building improvements	101,226	-	-	101,226
Construction in progress	7,377	-	2,650	4,727
Water distribution system	1,238,411	170,816	-	1,409,227
Vehicle	34,993	-	-	34,993
Equipment	5,282	-	-	5,282
Office equipment	12,438	-	-	12,438
Totals	<u>\$ 1,539,383</u>	<u>\$ 170,816</u>	<u>\$ 2,650</u>	<u>\$ 1,707,549</u>
2020				
	Balance 12/1/2019	Additions	Deletions	Balance 11/30/2020
Land	\$ 15,471	\$ -	\$ -	\$ 15,471
Easements	5,900	-	-	5,900
Buildings	118,285	-	-	118,285
Building improvements	101,226	-	-	101,226
Construction in Progress	4,727	2,650	-	7,377
Water distribution system	1,212,279	26,132	-	1,238,411
Vehicle	34,993	-	-	34,993
Equipment	5,282	-	-	5,282
Office equipment	10,938	1,500	-	12,438
Totals	<u>\$ 1,509,101</u>	<u>\$ 30,282</u>	<u>\$ -</u>	<u>\$ 1,539,383</u>

MILLSAP WATER SUPPLY CORPORATION
Notes to Financial Statements
November 30, 2021 and 2020

NOTE 5 - RELATED PARTY TRANSACTIONS

The Corporation incurred the following transactions with related parties:

In 2021 and 2020, the Corporation paid \$175,979 and \$9,015, respectively, for construction and repair and maintenance costs to a company owned by a board member.

In 2021 and 2020, the Corporation paid \$480 and \$508, respectively, to a board member for consulting services related to operations.

NOTE 6 - SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through January 12, 2022, the date the financial statements were available to be issued and noted nothing significant requiring disclosure.

