

GREENHILL BROOKS CHAPEL WATER ASSOCIATION
FINANCIAL STATEMENTS
December 31, 2023

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CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of the
Greenhill Brooks Chapel Water Association

We have performed the procedures enumerated below for the Greenhill Brooks Chapel Water Association, ("the Organization"), for the year ended December 31, 2023. The Organization's management is responsible for accounting records.

Greenhill Brooks Chapel Water Association has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of issuing a report on findings based on specific procedures performed on subject matter. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Cash and Investments

1. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
2. Confirm with depository institutions the cash on deposit and investments.
3. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

Findings: No findings identified.

Receipts

1. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
2. Agree 10 customer payments on the accounts receivable sub-ledger to deposit and billing documents.
3. For one deposit, agree the cash/check composition of the deposit with receipt information.

Findings: No findings identified.

Accounts Receivable

1. Agree 10 customer billings to the accounts receivable sub-ledger.
2. Determine that five (5) customer adjustments were properly authorized.

Findings: *No findings identified.*

Disbursements

1. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$ 500, whichever is greater.
2. Analyze all property, plant, and equipment disbursements.
3. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

Findings: *No findings identified.*

Property, Plant, and Equipment

1. Determine that additions and disposals were properly accounted for in the records. (Materiality level - 5% of total equipment or \$500, whichever is greater.)

Findings: *No findings identified.*

Long-Term Debt

2. Schedule long-term debt and verify changes in all balances for the year.
3. Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor.
4. Determine that the appropriate debt service accounts have been established and maintained.

Findings: *No findings identified.*

General

1. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

Findings: *No findings identified.*

We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants.

We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Organization, Arkansas Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Searcy & Associates LLC". The signature is written in a cursive, flowing style.

Monticello, Arkansas
January 17, 2025

SEARCY & ASSOCIATES, LLC
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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors of the
Greenhill Brooks Chapel Water Association

We have compiled the accompanying Statement of Financial Position of Greenhill Brooks Chapel Water Association as of December 31, 2023, and the related statement of activities, cash flows, and functional expenses for the year then ended. We have not audited or reviewed the 2023 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the accompanying financial statements of Greenhill Brooks Chapel Water Association, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. We 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. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Our responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

A handwritten signature in black ink that reads "Searcy & Associates LLC". The signature is written in a cursive, flowing style.

Monticello, Arkansas
January 17, 2025

GREENHILL BROOKS CHAPEL WATER ASSOCIATION
STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2023

	<u>2023</u>
<u>Assets</u>	
<u>Current assets</u>	
Cash and cash equivalents	\$ 25,383
Accounts receivable	8,639
Certificates of deposit	<u>306,313</u>
Total current assets	340,335
 <u>Fixed assets, net of accumulated depreciation</u>	 <u>4,170</u>
 <u>Other Assets</u>	
Cash reserve - meter deposits	<u>13,057</u>
Total assets	<u><u>\$ 357,562</u></u>
 <u>Liabilities and Net Assets</u>	
<u>Current liabilities</u>	
Accounts payable	\$ 5,282
Accrued payroll	<u>1,941</u>
Total current liabilities	7,223
 <u>Long term liabilities</u>	
Customer deposits	<u>13,057</u>
Total liabilities	20,280
 <u>Net assets</u>	
Net assets without donor restrictions	<u>337,282</u>
Total net assets	<u>337,282</u>
Total liabilities and net assets	<u><u>\$ 357,562</u></u>

GREENHILL BROOKS CHAPEL WATER ASSOCIATION
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

	<u>2023</u>
<u>Changes in net assets without donor restrictions</u>	
Revenues	
Water services	\$ 106,375
Total revenues	<u>106,375</u>
Expenses	
Operating expenses	83,417
General and administrative	<u>36,732</u>
Total expenses	<u>120,149</u>
Income (loss) from operations	(13,774)
Non-operating income (expense)	
Interest income	<u>12,382</u>
Total non-operating income (expense)	<u>12,382</u>
Change in net assets without donor restrictions	(1,392)
<u>Change in net assets</u>	(1,392)
<u>Net assets, beginning of year</u>	<u>338,674</u>
<u>Net assets, end of year</u>	<u><u>\$ 337,282</u></u>

The accompanying notes are an integral part of the financial statements

GREENHILL BROOKS CHAPEL WATER ASSOCIATION
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	<u>2023</u>
<u>Cash flows from operating activities</u>	
Income from operations	\$ (13,774)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	15,813
Increase in current investments	(6,313)
Changes in assets and liabilities:	
Accounts receivable	-
Accounts payable	(3,913)
Accrued expenses	1,941
Total adjustments	<u>7,528</u>
Net cash provided by (used for) operating activities	<u>(6,246)</u>
<u>Cash flows from investing activities</u>	
Purchase of certificates of deposits	(100,000)
Interest income	<u>12,382</u>
Net cash provided by (used for) investing activities	<u>(87,618)</u>
<u>Cash flows from financing activities</u>	
Change in customer deposits	<u>1,030</u>
Net cash provided by (used for) financing activities	<u>1,030</u>
<u>Change in cash and cash equivalents</u>	(92,834)
<u>Cash and cash equivalents, beginning of year</u>	<u>131,274</u>
<u>Cash and cash equivalents, end of year</u>	<u>\$ 38,440</u>
 <u>Cash and cash equivalents</u>	 \$ 25,383
<u>Restricted cash and cash equivalents</u>	<u>13,057</u>
	<u>\$ 38,440</u>

The accompanying notes are an integral part of the financial statements

GREENHILL BROOKS CHAPEL WATER ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

	2023		
	Program (Water) Services	Management & General	Total
Salaries, wages, and benefits	\$ 9,235	\$ 16,480	\$ 25,715
Depreciation	15,813	-	15,813
Repairs and maintenance	10,309	1,145	11,454
Insurance	2,649	883	3,532
Office supplies	-	7,719	7,719
Travel expenses	4,920	8,779	13,699
Payroll taxes	765	1,365	2,130
Other expenses	362	361	723
Water purchases	39,364	-	39,364
Total expenses	<u>\$ 83,417</u>	<u>\$ 36,732</u>	<u>\$ 120,149</u>

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

GREENHILL BROOKS CHAPEL WATER ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (continued)

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

The Greenhill Brooks Chapel Water Association (the “Organization”) is a not-for-profit corporation established under the laws of the State of Arkansas and is nontaxable for Federal and State income tax purposes under the Internal Revenue Code Section 501(c)12. The Organization was formed to provide rural water service to its constituents in the surrounding rural community.

Method of Accounting

The financial states of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

The Organization derives its revenues primarily from water services provided to its customers. Revenues are recognized when control of these services are provided to / transferred to its customers in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. Sales and other taxes the Organization collects concurrent with revenue producing activities are excluded from revenue. Other fees charged to customers are reported within revenue. The Organization does not have any significant financing components as payment is received at or shortly after the point of sale.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. For the purpose of financial reporting, all demand accounts, savings accounts, cash on hand, certificates of deposits, and money market accounts are considered to be cash and cash equivalents.

Accounts Receivable

Accounts receivable relate to water service billings and are recorded at estimated net realizable value. Accounts are written off as they are deemed uncollectible by management based on the length of time outstanding and historical experience. Credit extended to customers are generally uncollateralized. Accounts are due ten days after the billing date. Past-due accounts are charged a late fee penalty. Customers are required to make a deposit and deposits can be offset against the receivable for delinquent billings or returned to the customer when the account is closed.

Fair Value of Financial Investments

Greenhill Brooks Chapel Water Association investments consist of bank certificates of deposit. A significant part in brokered certificates of deposit. The terms of these Certificates are such that the holder is unable to redeem the investment by incurring a penalty in the form of a reduction in the interest earned. In order to realize the value of these certificates prior to maturity they must be sold on the open market.

GREENHILL BROOKS CHAPEL WATER ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (continued)

December 31, 2023

NOTE 1 (continued)

The Result is that the Organization is exposed to interest rate risk and the risk of incurring the cost of brokering the certificates if the necessary arises to redeem their value. These certificates are fully insured by the Federal Deposit Insurance Corporation (FDIC), hence there is no credit risk that arises from carrying the investments. The Organization reports these investments at amortized cost in the same manner as Held-to-Maturity debt securities.

Property and Equipment

Property and Equipment are recorded at cost, including interest incurred during the construction period. Contributed property is recorded at fair value at the date of contribution. Depreciation is recorded on each class of depreciable property utilizing the straight-line method over the estimated useful lives of the assets. The ranges of estimated useful lives are as follows:

Water Plant	20-40 years
Buildings & Improvements	20-25 years
Vehicles & Equipment	5-10 years

The Organization's capitalization policy states that capital assets are defined as assets with an estimated useful life of greater than one year and value greater than \$1,000. Maintenance and repairs are charged to expense as incurred.

Net Asset Classifications

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of restrictions. Accordingly, net assets and changes in net assets are classified as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The income from these net assets may be used for specific purposes. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net ass released from restrictions.

Functional Allocation of Expenses

The costs of providing the water services and other program services of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated by management among the program and supporting services. The statement of functional expenses presents the natural classification detail of expenses by function.

The Organization classifies as program service expense those items which are directly attributable to the specific water service program. Those expenses which are not directly attributable to the program service are included in management and general expenses.

GREENHILL BROOKS CHAPEL WATER ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (continued)

December 31, 2023

NOTE 1 (continued)

Federal Tax Status

No provision for federal income taxes is required since the Organization is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code. The Organization files an exempt return in the U.S. federal jurisdiction.

Reclassification

Certain accounts in prior period financial statements have been reclassified for comparative purposes to conform with the presentation in the current period financial statements.

Date of Management's Review

The Organization evaluated its December 31, 2023, financial statements for subsequent events through January 17, 2025, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023
Cash and cash equivalents	\$ 38,440
Receivables	8,639
Certificates of deposits	306,313
Total financial assets	<u>353,392</u>
Less amounts not available to be used within one year:	
Customer deposits	13,057
Brokered certificates of deposits	<u>-</u>
Available for general expenditure	<u>\$ 340,335</u>

GREENHILL BROOKS CHAPEL WATER ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (continued)

December 31, 2023

NOTE 3 – SIGNIFICANT CONCENTRATIONS OF CREDIT RISKS

Greenhill Brooks Chapel Water Association maintains bank accounts at multiple institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. There are no amounts in excess of the FDIC limits at December 31, 2023.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and Equipment consisted of the following balances at December 31:

	<u>2023</u>
Furniture & equipment	\$ 134,180
Water distribution system	<u>330,000</u>
Total fixed assets	464,180
Accumulated depreciation	<u>(460,010)</u>
	<u><u>\$ 4,170</u></u>

NOTE 5 – CONCENTRATIONS

The Organization has an agreement with the City of Monticello Water Department (the "Department") whereby the Department operates the Organization's water system. The Organization purchases its water from the Department. The total cost paid to the Department for the year ended December 31, 2023 was \$39,364.