

Maury Mutual Water Company

**FINANCIAL STATEMENTS
With Independent Auditors' Report**

FOR THE FISCAL YEAR ENDED

December 31, 2017

Maury Mutual Water Company

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INDEPENDENT AUDITORS' REPORT

Maury Mutual Water Company
5210 SW Point Robinson Road
Vashon, WA 98070-7308

I have audited the accompanying financial statements of Maury Mutual Water Company (the Company) (a non-profit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statement of activities and cash flows for the fiscal year 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 U.S. generally accepted accounting principles; 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

My responsibility is to express an opinion on these financial statements based on our audit. I conducted the audit in accordance with U.S. generally accepted auditing standards. Those standards require that I 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 auditors' 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 consolidated 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, I 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.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with generally accepted accounting principles in the United States of America.

Other Matter

The audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Barnett, Cole & Associates

Barnett, Cole & Associates PLLC
Vashon, Washington
October 26, 2018



Maury Mutual Water Company
STATEMENT OF FINANCIAL POSITION
December 31, 2017

ASSETS	
Current	
Cash	\$ 182,155
Cash - restricted by use	1,480
Accounts receivable	15,018
Prepaid expenses	1,448
Total current assets	200,101
Property, plant, and equipment (net)	260,512
Total assets	460,613
LIABILITIES	
Current	
Accounts payable	-
Total current liabilities	-
Total liabilities	-
NET ASSETS	
Unrestricted	459,109
Restricted by use - Global Water Initiative	1,504
Total net assets	460,613
Total liabilities and net assets	\$ 460,613

Maury Mutual Water Company
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Water services:			
Usage fees	\$ 38,368	\$ -	\$ 38,368
Administrative fees	21,770	-	21,770
Capital improvement assessment	-	25,430	25,430
Total water services	60,138	25,430	85,568
Contributions - global water initiative	-	1,116	1,116
Interest	664	-	664
Other	277	-	277
Net assets released from restrictions:			
Satisfaction of program restrictions:	25,430	(25,430)	-
Total revenues, gains, and other support:	86,509	1,116	87,625
Expenses:			
Water services	39,073	-	39,073
Management and general	20,070	-	20,070
Fundraising	-	-	-
Total expenses	59,203	-	59,203
Change in net assets	27,306	1,116	28,422
Net assets, December 31, 2016	431,803	388	432,191
Net assets, December 31, 2017	\$ 459,109	\$ 1,504	\$ 460,613

Maury Mutual Water Company
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED DECEMBER 31, 2017

Operating activities:		
Change in net assets	\$	28,422
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		8,078
(Increase) decrease in:		
Accounts receivable		(3,722)
Prepaid expenses		(1,448)
Increase (decrease) in:		
Accounts payable and accruals		-
		<u>(5,170)</u>
Net cash provided (used) by operating activities		<u>31,330</u>
Investing activities:		
Purchases of property, plant, and equipment		-
Net cash provided (used) by investing activities		<u>-</u>
Increase (decrease) in cash and cash equivalents		31,330
Cash and equivalents (deficiency):		
Beginning of fiscal year, December 31, 2016		<u>152,305</u>
End of fiscal year, December 31, 2017	\$	<u><u>183,635</u></u>
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$	<u><u>-</u></u>

Maury Mutual Water Company
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

1. Summary of Significant Accounting Policies

Nature of Operations:

Maury Mutual Water Company (MMWC) was originally incorporated under the Washington State Revised Code Section 24.04 on August 30, 1952 and applied for and obtained exemption from Federal Income Tax under the Internal Revenue Code Section 501(c)(12) effective the same date.

Maury Mutual Water Company exists to:

obtain and store water and to furnish, distribute and supply such water to its members for their use and benefit for any and all purposes at cost and without profit;

construct, purchase, lease, acquire, or otherwise obtain, own, maintain, and operate water works, pumps, and pumping stations, water tanks, reservoirs, and storage facilities, water lines, mains, and distribution systems and facilities, to drill wells, and to own and maintain the same and to acquire, construct, maintain, and operate motors and engines, water wheels, flumes, conduits, pipes, meters and all other appurtenances for obtaining, pumping, conducting, and distributing water and maintaining its properties and equipment, and to acquire, own, and maintain all facilities necessary for the conduct of its business;

obtain and acquire by purchase, lease, gift, grant, or otherwise, real property and personal property or rights therein, right of way, and easements, and to hold, sell, mortgage, or otherwise dispose of the same and to borrow money on its bonds, notes, mortgages, or otherwise, and to contract and bind itself and transact business as a natural person insofar as permitted by law;

apply for, obtain, and hold any privileges or franchises incident or necessary to the accomplishment of its purposes and to sell or dispose of the same and generally to perform or do all things necessary to the promotion of its objects or accomplishment of its purposes.

Basis of Accounting

The financial statements of MMWC have been prepared on accrual basis and report information regarding its financial position and activities according to three classes of net assets: unrestricted and restricted by purpose and time, as applicable. At December 31, 2017 MMWC had \$1,504 of net assets restricted by purpose.

Revenue Recognition

Grants and other contributions of cash and other assets are reported as restricted support if they are received with donor stipulations (restrictions) that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Maury Mutual Water Company
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

1. Summary of Significant Accounting Policies (continued)

Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of asset and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, MMWC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Receivables

Receivables consist primarily of billed and unpaid fee assessments through December 31, 2017. All account balances are unsecured and are due in less than one year, most paid in the calendar quarter after billing occurs. Management believes all receivables to be collectible in the current year, therefore no provision for uncollectible receivables has been made.

Expense Allocation

The costs of providing programs and activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated to the programs and supporting services benefited.

Shipping and Handling Costs

Freight paid on purchases of merchandise related to MMWC's use if considered part of program or supporting expenses depending on the nature of the purchase.

Income Taxes / Uncertain Tax Positions

MMWC is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(12) of the Internal Revenue Code. As such, MMWC is not taxed on income derived from its exempt functions. Therefore, no provision has been made for income taxes in the

Maury Mutual Water Company
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

1. Summary of Significant Accounting Policies (continued)

Income Taxes / Uncertain Tax Positions (continued)

accompanying financial statements.

MMWC has evaluated its tax positions for all open tax years, and management believes all tax positions would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the period ended December 31, 2017.

2. Cash and Cash Equivalents

MMWC maintains cash in one banking institution which is insured by the Federal Deposit Insurance Corporation up to \$250,000. For the period ended December 31, 2017, the cash balances on hand were \$187,933. As of year end, no balances exceeded the federal insurance limit in any one bank.

3. Property, Plant, and Equipment

Property, plant, and equipment consists of the following as of December 31, 2017:

	Additions	Years	Method of Depreciation
Land	\$ 155,160		
Buildings and water structures	112,885	50	Straight Line
Equipment, pipes, and hook ups	166,067	20	Straight Line
Furniture and fixtures	197	7 - 10	Straight Line
	<u>434,309</u>		
Accumulated depreciation	<u>(173,797)</u>		
	<u><u>260,512</u></u>		

4. Restricted Net Assets

Restricted net assets consists of the following as of September 30, 2017:

	Beginning Balance	Additions	Releases	Ending Balance
Restricted by Use:				
Global Water Initiative	\$ 388	\$ 1,116	\$ -	\$ 1,504
Capital Funds	-	25,430	(25,430)	-
Total	<u>\$ 388</u>	<u>\$ 26,546</u>	<u>\$ (25,430)</u>	<u>\$ 1,504</u>

5. Subsequent events

Subsequent events were evaluated through the date of the independent accountants' audit report, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Maury Mutual Water Company
STATEMENT OF FUNCTIONAL EXPENSES
FISCAL YEAR ENDED DECEMBER 31, 2017

	<u>Supporting Services</u>			<u>Total</u>
	<u>Water Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	
Contracted Labor	\$ 22,542	\$ 9,126	\$ -	\$ 31,668
Depreciation	8,078	-	-	8,078
Miscellaneous	-	3,940	-	4,000
Utilities	2,314	-	-	2,314
Renew & replace	2,303	-	-	2,303
Property taxes	-	2,232	-	2,232
Excise taxes	-	1,412	-	1,412
Insurance	-	1,246	-	1,246
Monitoring tests	1,215	-	-	1,215
Telephone	1,134	-	-	1,134
License & fees	-	966	-	966
Office	-	939	-	939
Water treatment	828	-	-	828
Well switch	339	-	-	339
Supplies	320	-	-	320
Legal and accounting	-	209	-	209
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 39,073</u>	<u>\$ 20,070</u>	<u>\$ -</u>	<u>\$ 59,203</u>