

HARRISON CANAL AND IRRIGATION CO
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

DEATON
COMPANY

Certified Public Accountants

HARRISON CANAL AND IRRIGATION CO

FINANCIAL REPORT DECEMBER 31, 2021 AND 2020

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors and Stockholders
Harrison Canal and Irrigation Co
Idaho Falls, Idaho

We have reviewed the accompanying financial statements of Harrison Canal and Irrigation Co (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in water users' capital-unrestricted, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the 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 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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 conclusion.

Accountant's Conclusion

Based on our reviews, 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.

Supplementary Information

The supplementary schedules of expenses are presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

A handwritten signature in black ink that reads "Deaton & Company".

Blackfoot, Idaho
February 4, 2022

HARRISON CANAL AND IRRIGATION CO
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS			
		<u>2021</u>	<u>2020</u>
CURRENT ASSETS			
Cash		\$ 259,871	\$ 286,856
Water assessments receivable, net of allowance for bad debts of \$-0- and \$-0-, respectively		7,591	8,347
		<u>267,462</u>	<u>295,203</u>
LAND, BUILDINGS, AND SYSTEMS			
Land, storage, water rights - non depreciable		475,668	475,668
Other property and equipment - depreciable		219,969	135,284
		<u>695,637</u>	<u>610,952</u>
Less accumulated depreciation		44,103	32,650
		<u>651,534</u>	<u>578,302</u>
		<u><u>\$ 918,996</u></u>	<u><u>\$ 873,505</u></u>
CURRENT LIABILITIES			
Payroll related liabilities		\$ 207	\$ 201
		<u>207</u>	<u>201</u>
LONG-TERM LIABILITIES			
Net of current portion		-	-
SHAREHOLDERS' EQUITY			
Water users' capital - restricted		-	-
Water users' capital - unrestricted		918,789	873,304
		<u>918,789</u>	<u>873,304</u>
		<u><u>\$ 918,996</u></u>	<u><u>\$ 873,505</u></u>

See accompanying notes and independent accountant's review report

HARRISON CANAL AND IRRIGATION CO
STATEMENTS OF ACTIVITIES AND CHANGES IN
WATER USERS' CAPITAL-UNRESTRICTED
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Water assessments	\$ 90,288	\$ 91,237
Water recharge income	53,440	-
Water District 1 rental pool income	29,496	26,653
Water District 1 refund	13,182	-
Interest income	1,311	5,166
Miscellaneous income	3,023	5,459
	<u>190,740</u>	<u>128,515</u>
EXPENSES		
General expenses	22,147	21,122
Fixed charges	55,718	44,167
Operation and maintenance	67,390	61,322
	<u>145,255</u>	<u>126,611</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES	45,485	1,904
BEGINNING WATER USERS' CAPITAL - UNRESTRICTED	<u>873,304</u>	<u>871,400</u>
ENDING WATER USERS' CAPITAL - UNRESTRICTED	<u><u>\$ 918,789</u></u>	<u><u>\$ 873,304</u></u>

See accompanying notes and independent accountant's review report

HARRISON CANAL AND IRRIGATION CO
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over (under) expenses	\$ 45,485	\$ 1,904
Adjustments to reconcile income (loss) to net cash provided by operating activities:		
Depreciation	11,453	6,439
(Increase) decrease in water assessments receivable	756	1,375
Increase (decrease) in payroll related liabilities	<u>6</u>	<u>4</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	57,700	9,722
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of equipment and fixed assets	<u>(84,685)</u>	<u>(44,094)</u>
NET INCREASE (DECREASE) IN CASH	(26,985)	(34,372)
CASH AT BEGINNING OF YEAR	<u>286,856</u>	<u>321,228</u>
CASH AT END OF YEAR	<u><u>\$ 259,871</u></u>	<u><u>\$ 286,856</u></u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes and independent accountant's review report

HARRISON CANAL AND IRRIGATION CO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Harrison Canal and Irrigation Co is incorporated as a non-profit organization under IRC 501(c)(12) and files an annual Form 990, Return of Organization Exempt From Income Tax. The Company provides management, maintenance and delivery of water control for the Company's service area. The Company's service area includes properties owned by the Company's shareholder's. A substantial portion of the services provided benefit the Company's shareholders.

Basis of Accounting

The financial statements of Harrison Canal and Irrigation Co have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Harrison Canal and Irrigation Co considers all unrestricted cash and unrestricted highly liquid investments with an initial maturity of six months or less to be cash equivalents.

Water Assessments Receivable

Water assessments receivable are comprised of operation and maintenance fees due from property owners. Any past due or delinquent assessments are secured by a lien on the property on the rolls. The Company has adopted a policy of setting up an allowance for bad debts for all assessments over six years old. The balance in the allowance account is \$-0-. Bad debts are recorded each year for those assessments over six years old. If these old assessments are collected in subsequent years, these amounts are recorded as revenue from recovery of bad debts.

Use of 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 those estimates.

HARRISON CANAL AND IRRIGATION CO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land, Buildings, and Systems

Land, buildings, and systems are carried at cost. The Company maintains detailed property ledgers and depreciation is provided using the straight-line method and depreciable lives as follows:

Buildings	30 years
Office equipment	5-7 years
General equipment	10 years
Other depreciable costs	10-20 years

Advertising

The Company expenses advertising costs as they are incurred.

NOTE B - PROPERTY AND EQUIPMENT

	2021	2020
Property not being depreciated		
Water rights	\$ 475,668	\$ 475,668
Construction in progress	-	-
Total property not being depreciated	475,668	475,668
Property being depreciated		
Machinery and equipment	219,969	135,284
Accumulated depreciation	(44,103)	(32,650)
Property and equipment, net	<u>\$ 651,534</u>	<u>\$ 578,302</u>

NOTE C - CONCENTRATIONS OF CREDIT RISK

Harrison Canal and Irrigation Co maintains its restricted and unrestricted cash balances in one financial institution in Eastern Idaho. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021 and 2020, the Company's uninsured cash balances total \$9,871 and 36,856 respectively.

NOTE D - SUBSEQUENT TRANSACTIONS

Management has evaluated subsequent events through February 4, 2022, the date the financial statements were available to be issued.

NOTE E - UNCERTAIN TAX POSITION

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the fiscal years ending December 31, 2021, 2020, and 2019 are subject to examination by the IRS, generally 3 years after they were filed.

SUPPLEMENTARY INFORMATION

HARRISON CANAL AND IRRIGATION CO
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
GENERAL EXPENSES		
Directors salaries and expenses	\$ 1,000	\$ 1,000
Insurance	5,397	3,769
Legal and audit	2,625	2,525
Office salaries and expenses	12,425	13,128
Telephone and utilities	700	700
	<u>22,147</u>	<u>21,122</u>
FIXED CHARGES		
Depreciation	11,453	6,439
Canal assessments	44,265	37,728
	<u>55,718</u>	<u>44,167</u>
OPERATION AND MAINTENANCE		
Truck lease	14,850	14,850
Payroll taxes	1,423	3,224
Watermaster salaries and expense	10,150	10,150
Maintenance labor and expense	4,049	3,335
Miscellaneous operation and canal maintenance	36,918	29,763
	<u>67,390</u>	<u>61,322</u>
TOTAL EXPENSES	<u><u>\$ 145,255</u></u>	<u><u>\$ 126,611</u></u>

See independent accountant's review report