PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2025

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
BOARD OF DIRECTORS
DECEMBER 31, 2025

Directors	Office	Year Elected	Term
Jerry Burnaman 240 First Point Rd, Many, LA 71449 318/880-4686	President	2024	3 yrs.
John Larry Rice 12223 Texas Highway, Many, LA 71449 318/332-2064	Vice President	2025	3 yrs.
Becky Sepulvado 200 Betty Rd, Many, LA 71449 318/315-0107	Treasurer	2025	3yrs.
Gweneth Peterson 12381 Texas Highway, Many, LA 71449 318/347-8899	Secretary	2025	3 yrs.
Homer Miller 605 Midlake Lane, Many, LA 71449 318/508-0479		2025	3 yrs.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
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ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Pendleton Water Association, Inc.
Many, Louisiana 71449

Management is responsible for the accompanying financial statements of Pendleton Water Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements 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 form of assurance on these financial statements.

We are not independent with respect to Pendleton Water Association, Inc.

Sheffield & Sheffield, LLC
Natchitoches, Louisiana
April 20, 2026

- MEMBERS -
American Institute of Certified Public Accounts Society of Louisiana Certified Public Accounts

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 55,280	$ 40,169
Accounts receivable, net	10,805	18,621
Prepaid expense	3,078	5,844
Total Current Assets	69,163	64,634
Cash equivalents restricted to loan repayment	0	889
Property, plant and equipment, net of accumulated depreciation	710,763	745,500
Utility deposits	200	200
Total Assets	$ 780,126	$ 811,223
LIABILITIES		
Current Liabilities		
Current portion of long-term debt	$ 152,805	$ 164,439
Accounts payable	9,618	3,262
Deferred revenue	19,650	23,784
Total Current Liabilities	182,073	191,485
Noncurrent Liabilities		
Long-term debt, net of current portion	109,191	93,426
Total Long-term Liabilities	109,191	93,426
Total Liabilities	291,264	284,911
NET ASSETS		
Without donor restrictions	488,862	525,423
With donor restrictions	0	889
Total Net Assets	488,862	526,312
Total Liabilities and Net Assets	$ 780,126	$ 811,223

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Program service fees			
Water sales	$ 786,730	$ 0	$ 786,730
Net assets released from restrictions:			
Satisfaction of program restrictions	889	(889)	0
Total Revenues and Support	787,619	(889)	786,730
EXPENSES			
Program services	790,664	0	790,664
Management and general	33,515	0	33,515
Total Expenses	824,180	0	824,180
Increase/(Decrease) in Net Assets	(36,561)	(889)	(37,450)
Net Assets, Beginning of year	525,423	889	526,312
Net Assets, End of year	$ 488,862	$ 0	$ 488,862

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Program service fees			
Water sales	$ 704,551	$ 0	$ 704,551
Interest income	185	10	195
Net assets released from restrictions:			
Satisfaction of program restrictions	54,892	(54,892)	0
Total Revenues and Support	759,628	(54,882)	704,746
EXPENSES			
Program services	686,221	0	686,221
Management and general	41,505	0	41,505
Total Expenses	727,726	0	727,726
Increase/(Decrease) in Net Assets	31,902	(54,882)	(22,980)
Net Assets, Beginning of year	493,521	55,771	549,292
Net Assets, End of year	$ 525,423	$ 889	$ 526,312

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025		
	Program Services	Management and General	Total
EXPENSES			
Chemicals	$ 33,335	$ 0	$ 33,335
Depreciation	82,534	384	82,918
Employee benefits	27,518	3,727	31,245
Interest expense	14,079	0	14,079
Insurance	28,177	1,282	29,459
Licenses and permits	2,452	0	2,452
Office expense	12,928	0	12,928
Outside services	10,101	0	10,101
Payroll taxes	6,040	818	6,858
Postage	11,148	0	11,148
Professional services	267,246	10,813	278,059
Rent	7,781	0	7,781
Repairs and maintenance	159,729	0	159,729
Salaries	75,713	10,254	85,967
Telephone	5,402	953	6,355
Training	0	0	0
Travel	1,511	0	1,511
Utilities	29,944	5,284	35,228
Vehicle expense	2,674	0	2,674
Water purchases	12,353	0	12,353
Total Expenses	$ 790,664	$ 33,515	$ 824,180

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2024		
	Program Service	Management and General	Total
EXPENSES			
Chemicals	$ 74,844	$ 0	$ 74,844
Depreciation	76,483	192	76,675
Employee benefits	49,219	5,790	55,009
Interest expense	14,452	0	14,452
Insurance	14,380	757	15,137
Licenses and permits	2,091	0	2,091
Office expense	14,511	0	14,511
Outside services	19,422	0	19,422
Payroll taxes	11,833	1,392	13,225
Postage	12,176	0	12,176
Professional services	10,255	9,190	19,445
Repairs and maintenance	177,212	0	177,212
Salaries	151,816	17,862	169,678
Telephone	8,790	1,034	9,824
Training	973	0	973
Travel	1,416	0	1,416
Utilities	29,964	5,288	35,252
Vehicle expense	4,139	0	4,139
Water purchases	12,245	0	12,245
Total Expenses	$ 686,221	$ 41,505	$ 727,726

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities		
Increase/(decrease) in net assets	$ (37,450)	$ (22,980)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	82,918	76,675
Bad debt expense	0	0
(Increase)/decrease in operating assets		
Accounts receivable	7,816	18,047
Prepaid expense	2,766	3,869
Increase/(decrease) in operating liabilities		
Accounts payable and accruals	6,356	(5,165)
Deferred revenue	(4,134)	253
Net Cash Provided by/(Used in) Operating Activities	58,272	70,699
Cash Flows Provided by/(Used in) Investing Activities		
Purchase of furniture and equipment and plant and distribution lines	(48,181)	(393,961)
Net Cash Provided by/(Used in) Investing Activities	(48,181)	(393,961)
Cash Flows Provided by/(Used in) Financing Activities		
Proceeds from long-term debt	48,181	174,498
Principal payments on long-term debt	(44,050)	(50,715)
Net Cash Provided by/(Used in) Financing Activities	4,131	123,783
Net Increase/(Decrease) in Cash, cash equivalents and restricted cash	14,222	(199,479)
Cash, cash equivalents and restricted cash, Beginning of year	41,058	240,537
Cash, cash equivalents and restricted cash, End of year	$ 55,280	$ 41,058

SUPPLEMENTAL DISCLOSURE FOR CASH FLOW INFORMATION

Cash payments for interest expense for the years ended December 31, 2025 and 2024 were $14,151, and $14,467, respectively.

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pendleton Water Association, Inc., (the "Association") a not-for-profit corporation, was established under the laws of the State of Louisiana on April 3, 1980. The Association's purpose is to provide water service to any user within its geographical boundaries. It is operated by a board which consists of five elected directors, each serving three year terms. The directors receive no compensation for their service.

A. Method of Accounting

The financial statements of the Pendleton Water Association, Inc. have been prepared utilizing the accrual basis of accounting.

B. Financial Statement Presentation

The Pendleton Water Association, Inc. adopted FASB Accounting Standard Update 2016-14 "Not-for-Profit Organizations (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities". Under FASB ASU 2016-14, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the Association is required to present a statement of cash flows.

C. 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.

D. Cash and Cash Equivalents

Cash includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also may withdraw funds at any time without prior notice or penalty.

Cash equivalents includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

E. Accounts Receivable and Allowance for Credit Losses

Accounts receivable are stated at unpaid balances.

For the years ended December 31, 2025 and 2024, the Association used historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of accounts receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. The Association also took into account current economic conditions, such as unemployment and inflation rates and looked for trends. Based on this information, management uses 50% of accounts over 90 days past due to calculate the expected credit loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Accounts Receivable and Allowance for Credit Losses (Continued)

The Association writes off receivables when there is information that indicates the customer is having financial difficulty and it is deemed there is little to no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery.

At December 31, 2025 and 2024 accounts receivables were $11,277 and $28,438, respectively. At December 31, 2025 and 2024 the allowance for credit losses were $472 and $9,817, respectively.

F. Cash Equivalents restricted to Farmers Home Administration Loan Repayment

As of December 31, 2025 and 2024, $0 and $889, respectively, in cash equivalents were restricted in use by a loan agreement with the Farmers Home Administration for repayment of loans to the Farmers Home Administration.

G. Property, plant and equipment

Property, plant and equipment are carried at historical cost. Depreciation is calculated using the straight line method over the estimated useful life of the assets, generally 20 to 40 years for buildings and improvements, 20 to 25 years for the water distribution system and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Major expenditures for renewals and betterments over $1,000 and a useful life over 1 year are capitalized.

H. Accumulated Unpaid Vacation

The Pendleton Water Association, Inc. has no liability for accumulated unpaid vacation at December 31, 2025 and 2024.

NOTE 2 CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position at December 31, 2025 and 2024, that sum to the amounts shown in the statements of cash flows for the years ended December 31, 2025 and 2024.

	2025	2024
Cash and cash equivalents	$ 55,280	$ 40,169
Cash equivalents restricted to loan repayment	0	889
Total cash, cash equivalents and restricted cash Shown in the statement of cash flows	$ 55,280	$ 41,058

As of December 31, 2025 and 2024, the Pendleton Water Association, Inc. had $97,626 and $45,846, respectively, in bank deposits. These deposits were secured from risk by $97,626 and $45,846, respectively, of federal deposit insurance.

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Pendleton Water Association, Inc adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively Accounting Standards Codification (ASC) 606) which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The Association's revenue from contracts with customers within the scope of ASC 606 is reported as water sales on the Statements of Activities. Water sales are recognized in the period the gallons of water are produced and delivered to the customer. The customer is billed monthly for the number of gallons of water delivered during the previous month and payment is due the following month. At December 31, 2025 and 2024, the receivable for water sales was $11,277 and $27,248, respectively. At December 31, 2025 and 2024, the deferred revenue for customers paying ahead of usage and billing the year was $19,650 and $23,784, respectively.

NOTE 4 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Pendleton Water Association, Inc. regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenses over a 12-month period, the Association considers all expenses related to its regular, recurring, and ongoing program service activities. The Association anticipates revenues to be sufficient to meet its general expense needs.

The Association does not consider assets including restricted assets, property, plant and equipment and deposits to be available for general expense.

As of December 31, 2025 and 2024, the following schedule identifies financial assets that could be made readily available within one year of the statement of financial position dates to meet general expenditures:

	2025	2024
Cash and cash equivalents	$ 55,280	$ 40,169
Accounts receivable, net	10,805	18,621
Prepaid expense	3,078	5,844
Cash equivalent restricted for loan repayment	0	889
Property, Plant and Equipment, net of accumulated depreciation	710,763	745,500
Utility deposits	200	200
Total Financial assets, period end	779,926	811,223
Less, those unavailable for general expenses within one year, due to:		
Prepaid expense	3,078	5,844
Cash equivalent restricted for loan repayment	0	889
Property, plant and equipment, net of accumulated depreciation	710,763	745,500
Utility deposits	200	200
Financial assets available to meet cash needs of general expenses within one year	$ 66,085	$ 58,790

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025
Land	$ 305,560	$ 0	$ 0	$ 305,560
Buildings and improvements	113,059	0	0	113,059
Water distribution system	2,149,682	0	0	2,149,682
Automobiles	15,993	48,181	0	64,174
Machinery and equipment	252,039	0	0	252,039
Construction in progress	88,357	0	0	88,357
Accumulated depreciation	(2,179,190)	(82,918)	0	(2,262,108)
Total	$ 745,500	$ (34,737)	$ 0	$ 710,763

	Balance December 31, 2023	Additions	Deletions	Balance December 31, 2024
Land	$ 3,796	$ 301,764	$ 0	$ 305,560
Buildings and improvements	109,219	3,840	0	113,059
Water distribution system	2,149,682	0	0	2,149,682
Automobiles	15,993	0	0	15,993
Machinery and equipment	252,039	0	0	252,039
Construction in progress	0	88,357	0	88,357
Accumulated depreciation	(2,102,515)	(76,675)	0	(2,179,190)
Total	$ 428,214	$ 317,286	$ 0	$ 745,500

NOTE 6 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at December 31, 2025 and 2024.

Class of Payable	2025	2024
Vendor	$ 9,618	$ 3,262
Total	$ 9,618	$ 3,262

NOTE 7 LONG-TERM DEBT

The following is a summary of long-term debt at December 31, 2025 and 2024.

	2025	2024
Note payable, Farmers Home Administration	$ 18,806	$ 39,037
Note payable, Farmers Home Administration	66,627	71,297
Note payable, GM Financial	43,458	0
Line of credit, Community Bank of Louisiana	133,105	147,531
Total Debt	261,996	257,865
Less: Current Portion	(152,805)	(164,439)
Long-term Portion of Debt	$ 109,191	$ 93,426

NOTE 7 LONG-TERM DEBT (CONTINUED)

Future scheduled maturities of long-term debt are as follows:

Years ending December 31,	
2026	$ 152,805
2027	20,286
2028	20,897
2029	14,636
2030	10,002
2031-2035	29,478
2036	13,892
Total	$ 261,996

Farmers Home Administration notes payable:

On April 26, 2002, a promissory note was signed with Farmers Home Administration for $383,700 at an annual interest rate of 4.75%. The note will be paid in monthly payments of $1,804 and mature in April 2026. The note is secured by system infrastructure.

On April 26, 2002, a promissory note was signed with Farmers Home Administration for $141,000 at an annual interest rate of 4.75%. The note will be paid in monthly payments of $663 and mature in April 2036. The note is secured by system infrastructure.

GM Financial notes payable:

On July 11, 2025, a promissory note was signed with GM Financial for $48,181 at an annual interest rate of 0.90%. The note will be paid in monthly payments of $822 and mature July 11, 2030. The note is secured by a 2025 Chevrolet Silverado 1500.

Community Bank of Louisiana line of credit:

On June 30, 2025 a loan agreement with Community Bank of Louisiana was signed for a line of credit. The Association was issued a $300,000 line of credit at an interest rate of 7.5%, with monthly interest payments and a maturity of June 30, 2026. The line of credit is secured by accounts receivable and equipment. During the year ended December 31, 2025, there were $0 in draws taken off the line of credit and principal payments of $14,426 were made on the line of credit.

NOTE 8 PENSIONS

All employees of the Pendleton Water Association, Inc. are covered under the social security system. The employees pay 6.2% of their total salaries into the system and the Association pays 6.2%. The employees and Association contributed $5,330 and $5,330, and $10,520 and $10,520, to the social security system for the years ended December 31, 2025 and 2024, respectively. The payroll for employees covered by the social security system for the year ended December 31, 2025 and 2024 was $85,967 and $169,678, respectively, and the Association's total payroll for the year ended December 31, 2025 and 2024 was $85,967 and $169,678, respectively. Data concerning the actuarial status of this system is unavailable. Future deficits in this system will be financed by the federal government and the Association has no further liability to the system.

NOTE 9 LITIGATION

The Pendleton Water Association, Inc. was not involved in any litigation at December 31, 2025.

NOTE 10 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Pendleton Water Association, Inc.'s financial instruments, none of which are held for trading purposes, include cash, receivables and notes payable. The Association estimates that the fair value of all financial instruments at December 31, 2025 and 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined by the Association using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Association could realize in a current market exchange.

NOTE 11 DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 20, 2026, the date which the financial statements were available to be issued.

The line of credit with Community Bank of Louisiana is expected to be renewed for an additional year, with no change in terms, after the completion of the December 31, 2025 Compilation.