

**PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2024**

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
BOARD OF DIRECTORS
DECEMBER 31, 2024

<u>Directors</u>	<u>Office</u>	<u>Year Elected</u>	<u>Term</u>
Charln Stewart 136 Robbins Lane, Many, LA 71449 713/409-0107	President	2023	3 yrs.
Gloria Thompson 390 Southern Leisure Rd, Many, LA 71449 318/990-9191	Vice President	2024	3 yrs.
Jerry Burnamen 240 First Point Rd, Many, LA 71449 318/880-4686		2024	3yrs.
Carl Jeanise 153 Drewett Rd, Many, LA 71449 225/936-3189		2022	3 yrs.
Tony Laska 51 Point Drive, Many, LA 71449 504/579-3633		2023	3 yrs.
Robert Sepulvado 322 Teurling Dr, Many, LA 71449 318/332-6387		2024	3 yrs.
Tina Barrett 134 Jones Dr, Many, LA 71449 337/515-1230	Treasurer	2024	3 yrs.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
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CERTIFIED PUBLIC ACCOUNTANTS

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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, 2024 and 2023, and the related statement 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

June 19, 2025

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 40,169	\$ 184,766
Accounts receivable, net	18,621	36,668
Prepaid expense	<u>5,844</u>	<u>9,713</u>
Total Current Assets	64,634	231,147
 Cash equivalents restricted to loan repayment	 889	 55,771
Property, plant and equipment, net of accumulated depreciation	745,500	428,214
Utility deposits	<u>200</u>	<u>200</u>
 Total Assets	 <u>\$ 811,223</u>	 <u>\$ 715,332</u>
 LIABILITIES		
Current Liabilities		
Current portion of long-term debt	\$ 164,439	\$ 22,831
Accounts payable	3,262	8,427
Deferred revenue	<u>23,784</u>	<u>23,531</u>
Total Current Liabilities	191,485	54,789
 Noncurrent Liabilities		
Long-term debt, net of current portion	<u>93,426</u>	<u>111,251</u>
 Total Long-term Liabilities	 <u>93,426</u>	 <u>111,251</u>
 Total Liabilities	 284,911	 166,040
 NET ASSETS		
Without donor restrictions	525,423	493,521
With donor restrictions	<u>889</u>	<u>55,771</u>
 Total Net Assets	 <u>526,312</u>	 <u>549,292</u>
 Total Liabilities and Net Assets	 <u>\$ 811,223</u>	 <u>\$ 715,332</u>

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	<u>54,892</u>	<u>(54,892)</u>	<u>0</u>
Total Revenues and Support	<u>759,628</u>	<u>(54,882)</u>	<u>704,746</u>
EXPENSES			
Program services	686,221	0	686,221
Management and general	<u>41,505</u>	<u>0</u>	<u>41,505</u>
Total Expenses	<u>727,726</u>	<u>0</u>	<u>727,726</u>
Increase/(Decrease) in Net Assets	31,902	(54,882)	(22,980)
Net Assets, Beginning of year	<u>493,521</u>	<u>55,771</u>	<u>549,292</u>
Net Assets, End of year	<u>\$ 525,423</u>	<u>\$ 889</u>	<u>\$ 526,312</u>

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2023		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenues and Support			
Program service fees			
Water Sales	\$ 673,487	\$ 2,736	\$ 676,223
Interest income	<u>303</u>	<u>27</u>	<u>330</u>
Total Revenues and Support	673,790	2,763	676,553
EXPENSES			
Program services	594,880	0	594,880
Management and general	<u>52,295</u>	<u>0</u>	<u>52,295</u>
Total Expenses	<u>647,175</u>	<u>0</u>	<u>647,175</u>
Increase/(Decrease) in Net Assets	26,615	2,763	29,378
Net Assets, Beginning of year	<u>466,906</u>	<u>53,008</u>	<u>519,914</u>
Net Assets, End of year	<u>\$ 493,521</u>	<u>\$ 55,771</u>	<u>\$ 549,292</u>

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
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	<u>\$ 686,221</u>	<u>\$ 41,505</u>	<u>\$ 727,726</u>

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2023		
	Program Service	Management and General	Total
EXPENSES			
Chemicals	\$ 65,725	\$ 0	\$ 65,725
Depreciation	79,657	522	80,179
Employee benefits	32,127	4,518	36,645
Interest expense	6,940	0	6,940
Insurance	25,318	1,333	26,651
Licenses and permits	4,588	0	4,588
Office expense	0	10,779	10,779
Outside services	13,480	0	13,480
Payroll taxes	9,964	1,401	11,365
Postage	6,313	0	6,313
Professional services	7,589	9,060	16,649
Repairs and maintenance	154,248	0	154,248
Salaries	128,000	18,000	146,000
Telephone	9,606	1,351	10,957
Training	1,098	0	1,098
Travel	1,286	0	1,286
Utilities	29,061	5,331	34,392
Vehicle expense	5,891	0	5,891
Water purchases	13,989	0	13,989
Total Expenses	<u>\$ 594,880</u>	<u>\$ 52,295</u>	<u>\$ 647,175</u>

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Increase/(decrease) in net assets	\$ (22,980)	\$ 29,378
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	76,675	80,179
Bad debt expense	0	0
(Increase)/decrease in operating assets		
Accounts receivable	18,047	12,884
Prepaid expense	3,869	(1,307)
Increase/(decrease) in operating liabilities		
Accounts payable and accruals	(5,165)	(6,302)
Deferred revenue	<u>253</u>	<u>23,531</u>
Net Cash Provided by/(Used in) Operating Activities	70,699	138,363
Cash Flows Provided by/(Used in) Investing Activities		
Purchase of furniture and equipment and plant and distribution lines	<u>(393,961)</u>	<u>(23,575)</u>
Net Cash Provided by/(Used in) Investing Activities	(393,961)	(23,575)
Cash Flows Provided by/(Used in) Financing Activities		
Proceeds from long-term debt	174,498	0
Principal payments on long-term debt	<u>(50,715)</u>	<u>(22,649)</u>
Net Cash Provided by/(Used in) Financing Activities	<u>123,783</u>	<u>(22,649)</u>
Net Increase/(Decrease) in Cash, cash equivalents and restricted cash	(199,479)	92,139
Cash, cash equivalents and restricted cash, Beginning of year	<u>240,537</u>	<u>148,398</u>
Cash, cash equivalents and restricted cash, End of year	<u>\$ 41,058</u>	<u>\$ 240,537</u>

SUPPLEMENTAL DISCLOSURE FOR CASH FLOW INFORMATION

Cash payments for interest expense for the years ended December 31, 2024 and 2023 were \$14,467, and \$6,955, respectively.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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, 2024 and 2023, 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.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

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, 2024 and 2023 accounts receivables were \$28,438 and \$42,381, respectively. At December 31, 2024 and 2023 the allowance for credit losses were \$9,817 and \$5,711, respectively.

F. Cash Equivalents restricted to Farmers Home Administration Loan Repayment

As of December 31, 2024 and 2023, \$889 and \$55,771, 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, 2024 and 2023.

NOTE 2 CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position at December 31, 2024 and 2023, that sum to the amounts shown in the statement of cash flows for the years ended December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 40,169	\$ 184,766
Cash equivalents restricted to loan repayment	<u>889</u>	<u>55,771</u>
Total cash, cash equivalents and restricted cash		
Shown in the statement of cash flows	<u>\$ 41,058</u>	<u>\$ 240,537</u>

As of December 31, 2024 and 2023, the Pendleton Water Association, Inc. had \$45,846 and \$242,389, respectively, in bank deposits. These deposits were secured from risk by \$45,846 and \$242,389, respectively, of federal deposit insurance.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

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 Statement 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, 2024 and 2023, the receivable for water sales was \$27,248 and \$42,381, respectively. At December 31, 2024 and 2023, the deferred revenue for customers paying ahead of usage and billing the year was \$23,784 and \$23,531, 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, 2024 and 2023, the following schedule identifies financial assets that could be made readily available within one year of the statement of financial position date to meet general expenditures:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 40,169	\$ 184,766
Accounts receivable, net	18,621	36,668
Prepaid expense	5,844	9,713
Cash equivalent restricted for loan repayment	889	55,771
Property, Plant and Equipment, net of accumulated depreciation	745,500	428,214
Utility deposits	<u>200</u>	<u>200</u>
Total Financial assets, period end	811,223	715,332
Less, those unavailable for general expenses within one year, due to:		
Prepaid expense	5,844	9,713
Cash equivalent restricted for loan repayment	889	55,771
Property, Plant and Equipment, net of accumulated depreciation	745,500	428,214
Utility deposits	<u>200</u>	<u>200</u>
Financial assets available to meet cash needs of general expenses within one year	<u>\$ 58,790</u>	<u>\$ 221,434</u>

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	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	<u>\$ 428,214</u>	<u>\$ 317,286</u>	<u>\$ 0</u>	<u>\$ 745,500</u>

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Land	\$ 3,796	\$ 0	\$ 0	\$ 3,796
Buildings and improvements	109,219	0	0	109,219
Water distribution system	2,142,881	6,801	0	2,149,682
Automobiles	15,993	0	0	15,993
Machinery and equipment	235,265	16,774	0	252,039
Construction in progress	0	0	0	0
Accumulated depreciation	(2,022,336)	(80,179)	0	(2,102,515)
Total	<u>\$ 484,818</u>	<u>\$ (56,604)</u>	<u>\$ 0</u>	<u>\$ 428,214</u>

NOTE 6 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at December 31, 2024 and 2023.

Class of Payable	2024	2023
Vendor	\$ 3,262	\$ 8,427
Total	<u>\$ 3,262</u>	<u>\$ 8,427</u>

NOTE 7 LONG-TERM DEBT

The following is a summary of long-term debt at December 31, 2024 and 2023.

	2024	2023
Note payable, Farmers Home Administration	\$ 39,037	\$ 58,331
Note payable, Farmers Home Administration	71,297	75,751
Line of credit, Community Bank of Louisiana	147,531	0
Total Debt	257,865	134,082
Less: Current Portion	(164,439)	(22,831)
Long-term Portion of Debt	<u>\$ 93,426</u>	<u>\$ 111,251</u>

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE 7 LONG-TERM DEBT (CONTINUED)

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

<u>Years ending December 31,</u>	
2025	\$ 164,439
2026	17,739
2027	18,610
2028	5,207
2029	5,460
2030-2034	24,624
2035-2036	21,786
Total	<u>\$ 257,865</u>

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.

Community Bank of Louisiana line of credit:

On May 30, 2024 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 May 30, 2025. The line of credit is secured by accounts receivable and equipment. During the year ended December 31, 2024, there were \$174,498 in draws taken off the line of credit and principal payments of \$26,967 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 \$10,520 and \$10,520, and \$9,052 and \$9,052, respectively, to the social security system for the years ended December 31, 2024 and 2023, respectively. The payroll for employees covered by the social security system for the year ended December 31, 2024 and 2023 was \$169,678 and \$146,000, respectively, and the Association's total payroll for the year ended December 31, 2024 and 2023 was \$169,678 and \$146,000, 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, 2024.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

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, 2024 and 2023, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement 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 June 19, 2025, 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, 2024 Compilation.