

**PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2020**



**SHEFFIELD & SHEFFIELD LLC
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 2189 · NATCHITOCHEs, LA 71457**

Jay H. Sheffield, CPA · James S. Sheffield, CPA

**Telephone (318) 581-4440
Fax (877) 351-1503
office@sheffield-cpa.com**

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MANY, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2020**

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
BOARD OF DIRECTORS
DECEMBER 31, 2020

<u>Directors</u>	<u>Office</u>	<u>Year Elected</u>	<u>Term</u>
Roy Joe Harris 527 McMahaus Chapel Road, San Augustine, TX 75972 936/275-7970	President	2018	3 yrs.
Richard Tuttle 50 Northstar Ln, Many, LA 71449 616/318-0084	Vice President	2018	3 yrs.
Dinah Medine 455 Twin Vista, Many, LA 71449 318/471-7241		2020	3yrs.
Mike Meyer 370 Southern Leisure Rd, Many, LA 71449 281/469-7134		2019	3 yrs.
Chester Pruett 100 Northstar Ln, Many, LA 71449 318/256-8033		2018	3 yrs.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
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P.O. BOX 2189

NATCHITOCHES, LA 71457

Local Telephone (318) 581-4440

Toll Free (877) 277-7059

Fax (877) 351-1503

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jay@sheffield-cpa.com

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james@sheffield-cpa.com

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, 2020 and 2019, 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

March 14, 2022

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 99,903	\$ 55,527
Accounts receivable, net of allowance for doubtful accounts	25,596	32,134
Prepaid expense	<u>7,458</u>	<u>7,095</u>
Total Current Assets	132,957	94,756
Cash equivalents restricted to loan repayment	47,486	44,722
Capital assets, net of accumulated depreciation	579,227	622,877
Utility deposits	<u>200</u>	<u>200</u>
Total Assets	<u>\$ 759,870</u>	<u>\$ 762,555</u>
 LIABILITIES		
Current Liabilities		
Current portion of long-term debt	\$ 20,521	\$ 19,646
Accounts payable	<u>12,217</u>	<u>14,105</u>
Total Current Liabilities	32,738	33,751
Noncurrent Liabilities		
Long-term debt, net of current portion	<u>178,411</u>	<u>198,932</u>
Total Long-term Liabilities	<u>178,411</u>	<u>198,932</u>
Total Liabilities	211,149	232,683
 NET ASSETS		
Without donor restrictions	501,235	485,150
With donor restrictions	<u>47,486</u>	<u>44,722</u>
Total Net Assets	<u>548,721</u>	<u>529,872</u>
Total Liabilities and Net Assets	<u>\$ 759,870</u>	<u>\$ 762,555</u>

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenues and Support			
Program service fees	\$ 445,811	\$ 2,736	\$ 448,547
Interest income	<u>79</u>	<u>28</u>	<u>107</u>
Total Revenues and Support	445,890	2,764	448,654
 EXPENSES			
Program services	<u>429,805</u>	<u>0</u>	<u>429,805</u>
Total Expenses	429,805	0	429,805
 Increase/(Decrease) in Net Assets	16,085	2,764	18,849
 Net Assets, Beginning of year	<u>485,150</u>	<u>44,722</u>	<u>529,872</u>
 Net Assets, End of year	<u>\$ 501,235</u>	<u>\$ 47,486</u>	<u>\$ 548,721</u>

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Program service fees	\$ 434,935	\$ 2,736	\$ 437,671
Interest income	<u>43</u>	<u>43</u>	<u>86</u>
Total Revenues and Support	434,978	2,779	437,757
 EXPENSES			
Program services	<u>458,240</u>	<u>0</u>	<u>458,240</u>
Total Expenses	458,240	0	458,240
 Increase/(Decrease) in Net Assets	(23,262)	2,779	(20,483)
 Net Assets, Beginning of year	<u>508,412</u>	<u>41,943</u>	<u>550,355</u>
 Net Assets, End of year	<u>\$ 485,150</u>	<u>\$ 44,722</u>	<u>\$ 529,872</u>

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
PROGRAM SERVICE EXPENSES			
Chemicals	\$ 30,801	\$ 0	\$ 30,801
Depreciation	81,192	0	81,192
Employee benefits	20,912	0	20,912
Interest expense	9,945	0	9,945
Insurance	17,217	0	17,217
Lab test water	135	0	135
Licenses and permits	820	0	820
Office expense	2,933	0	2,933
Outside services	27,350	0	27,350
Payroll taxes	8,033	0	8,033
Postage	8,857	0	8,857
Professional services	17,714	0	17,714
Repairs and maintenance	40,063	0	40,063
Salaries	103,087	0	103,087
Telephone	13,275	0	13,275
Utilities	32,414	0	32,414
Vehicle expense	3,230	0	3,230
Water purchases	11,827	0	11,827
Total Expenses	<u>\$ 429,805</u>	<u>\$ 0</u>	<u>\$ 429,805</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, 2020 AND 2019

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
PROGRAM SERVICE EXPENSES			
Advertising	\$ 1,277	\$ 0	\$ 1,277
Chemicals	32,993	0	32,993
Depreciation	81,899	0	81,899
Employee benefits	20,774	0	20,774
Interest expense	10,855	0	10,855
Insurance	15,638	0	15,638
Lab test water	1,135	0	1,135
Licenses and permits	421	0	421
Miscellaneous	500	0	500
Office expense	2,988	0	2,988
Outside services	17,321	0	17,321
Payroll taxes	8,135	0	8,135
Postage	6,554	0	6,554
Professional services	8,025	0	8,025
Repairs and maintenance	76,218	0	76,218
Salaries	104,387	0	104,387
Telephone	12,181	0	12,181
Training	2,574	0	2,574
Utilities	36,535	0	36,535
Vehicle expense	4,625	0	4,625
Water purchases	13,205	0	13,205
Total Expenses	<u>\$ 458,240</u>	<u>\$ 0</u>	<u>\$ 458,240</u>

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Increase/(decrease) in net assets	\$ 18,849	\$ (20,483)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	81,192	81,899
Bad debt expense	0	0
(Increase)/decrease in operating assets		
Accounts receivable	6,538	(6,304)
Prepaid expense	(363)	1,684
Increase/(decrease) in operating liabilities		
Accounts payable and accruals	(1,888)	(3,146)
Net Cash Provided by/(Used in) Operating Activities	<u>104,328</u>	<u>53,650</u>
Cash Flows Provided by/(Used in) Investing Activities		
Purchase of furniture and equipment and plant and distribution lines	<u>(37,542)</u>	<u>0</u>
Net Cash Provided by/(Used in) Investing Activities	<u>(37,542)</u>	<u>0</u>
Cash Flows Provided by/(Used in) Financing Activities		
Principal payments on long-term debt	<u>(19,646)</u>	<u>(18,737)</u>
Net Cash Provided by/(Used in) Financing Activities	<u>(19,646)</u>	<u>(18,737)</u>
Net Increase/(Decrease) in Cash, cash equivalents and restricted cash	47,140	34,913
Cash, cash equivalents and restricted cash, Beginning of year	<u>100,249</u>	<u>65,336</u>
Cash, cash equivalents and restricted cash, End of year	<u>\$ 147,389</u>	<u>\$ 100,249</u>

SUPPLEMENTAL DISCLOSURE FOR CASH FLOW INFORMATION

Cash payments for interest expense for the years ended December 31, 2020 and 2019 were \$9,958 and \$10,867, respectively.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Allowance for Doubtful Accounts

Uncollectible amounts are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2020 and 2019, the Pendleton Water Association, Inc. had an allowance for doubtful accounts of \$10,994 and \$7,530, respectively.

G. Cash Equivalents restricted to Farmers Home Administration Loan Repayment

As of December 31, 2020 and 2019, \$47,486 and \$44,722, 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.

H. 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 are capitalized. At December 31, 2020, no historical records supporting the carrying value of fixed assets could be located. Management is currently making an effort to locate these records, but none were available at the time of the compilation. Based on the lack of supporting documents, we could not make a determination on the carrying value of the fixed assets, accumulated depreciation, or depreciation expense for the year ended December 31, 2020.

I. Accumulated Unpaid Vacation

The Pendleton Water Association, Inc. has no liability for accumulated unpaid vacation at December 31, 2020 and 2019.

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, 2020 and 2019, that sum to the amounts shown in the statement of cash flows for the years ended December 31, 2020 and 2019, respectively.

	2020	2019
Cash and cash equivalents	\$ 99,903	\$ 55,527
Cash equivalents restricted to loan repayment	47,486	44,722
Total cash, cash equivalents and restricted cash	\$ 147,389	\$ 100,249
Shown in the statement of cash flows	\$ 147,389	\$ 100,249

As of December 31, 2020 and 2019, the Pendleton Water Association, Inc. had \$154,560 and \$100,249, respectively, in bank deposits. These deposits were secured from risk by \$154,560 and \$100,249, respectively, of federal deposit insurance.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 3 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, fixed assets and deposits to be available for general expense.

As of December 31, 2020 and 2019, 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:

	2020	2019
Cash and cash equivalents	\$ 99,903	\$ 55,527
Accounts receivable, net of allowance for doubtful accounts	25,596	32,134
Prepaid expense	7,458	7,095
Cash equivalent restricted for loan repayment	47,486	44,722
Capital assets, net of accumulated depreciation	579,227	622,877
Utility deposits	200	200
Total Financial assets, period end	759,870	762,555
Less, those unavailable for general expenses within one year, due to:		
Cash equivalent restricted for loan repayment	47,486	44,722
Capital assets, net of accumulated depreciation	579,227	622,877
Utility deposits	200	200
Financial assets available to meet cash needs of general expenses within one year	\$ 132,957	\$ 94,756

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Land	\$ 3,796	\$ 0	\$ 0	\$ 3,796
Buildings and improvements	109,219	0	0	109,219
Water distribution system	2,133,631	0	0	2,133,631
Automobiles	15,993	0	0	15,993
Machinery and equipment	138,104	37,542	0	175,646
Accumulated depreciation	(1,777,866)	(81,192)	0	(1,859,058)
Total	\$ 622,877	\$ (43,650)	\$ 0	\$ 579,227

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 5 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at December 31, 2020 and 2019.

<u>Class of Payable</u>	<u>2020</u>	<u>2019</u>
Vendor	\$ 10,507	\$ 6,920
Payroll liabilities	1,710	7,185
Total	<u>\$ 12,217</u>	<u>\$ 14,105</u>

NOTE 6 NOTES PAYABLE

The following is a summary of notes payable at December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Note payable, FmHA, bearing interest at 4.75%, with monthly principal and interest payments of \$1,804, maturing April 2026.	\$ 111,018	\$ 126,979
Note payable, FmHA, bearing interest at 4.75%, with monthly Principal and interest payments of \$663, maturing April 2036.	87,914	91,599
Total Debt	198,932	218,578
Less: Current Portion	(20,521)	(19,646)
Long-term Portion of Debt	<u>\$ 178,411</u>	<u>\$ 198,932</u>

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

<u>Years ending December 31,</u>	
2021	\$ 20,521
2022	21,531
2023	22,591
2024	23,703
2025	24,869
2026-2030	46,060
2031-2035	34,190
2036	5,467
Total	<u>\$ 198,932</u>

NOTE 7 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 \$6,391 and \$6,472, and \$6,391 and \$6,472, respectively, to the social security system for the years ended December 31, 2020 and 2019, respectively. The payroll for employees covered by the social security system for the year ended December 31, 2020 and 2019 was \$103,087 and \$104,387, respectively, and the Association's total payroll for the year ended December 31, 2020 and 2019 was \$103,087 and \$104,387, 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.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

NOTE 8 LITIGATION

The Pendleton Water Association, Inc. was not involved in any litigation at December 31, 2020.

NOTE 9 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, 2020 and 2019, 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 10 DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 14, 2022, the date which the financial statements were available to be issued.