

**PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2021**



**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, 2021**

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
BOARD OF DIRECTORS
DECEMBER 31, 2021

<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	2021	3 yrs.
Mike Meyer 370 Southern Leisure Rd, Many, LA 71449 281/469-7194	Vice President	2019	3 yrs.
Dinah Medine 455 Twin Vista, Many, LA 71449 318/471-7241		2020	3yrs.
Richard Tuttle 50 Northstar Ln, Many, LA 71449 616/318-0084		2021	3 yrs.
Garrett Bass 715 Block House Rd, Many, LA 71449 318/315-0459		2021	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

James S. Sheffield, CPA

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, 2021 and 2020, 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

April 8, 2022

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 128,041	\$ 99,903
Accounts receivable, net of allowance for doubtful accounts	24,090	25,596
Prepaid expense	7,987	7,458
Total Current Assets	160,118	132,957
Cash equivalents restricted to loan repayment	50,246	47,486
Capital assets, net of accumulated depreciation	557,687	579,227
Utility deposits	200	200
Total Assets	\$ 768,251	\$ 759,870
 LIABILITIES		
Current Liabilities		
Current portion of long-term debt	\$ 21,340	\$ 20,521
Accounts payable	44,165	12,217
Total Current Liabilities	65,505	32,738
Noncurrent Liabilities		
Long-term debt, net of current portion	156,992	178,411
Total Long-term Liabilities	156,992	178,411
Total Liabilities	222,497	211,149
 NET ASSETS		
Without donor restrictions	495,508	501,235
With donor restrictions	50,246	47,486
Total Net Assets	545,754	548,721
Total Liabilities and Net Assets	\$ 768,251	\$ 759,870

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenues and Support			
Program service fees	\$ 488,641	\$ 2,736	\$ 491,377
Interest income	<u>124</u>	<u>24</u>	<u>148</u>
Total Revenues and Support	488,765	2,760	491,525
EXPENSES			
Program services	<u>494,492</u>	<u>0</u>	<u>494,492</u>
Total Expenses	494,492	0	494,492
Increase/(Decrease) in Net Assets	(5,727)	2,760	(2,967)
Net Assets, Beginning of year	<u>501,235</u>	<u>47,486</u>	<u>548,721</u>
Net Assets, End of year	<u>\$ 495,508</u>	<u>\$ 50,246</u>	<u>\$ 545,754</u>

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<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	79	28	107
Total Revenues and Support	<u>445,890</u>	<u>2,764</u>	<u>448,654</u>
EXPENSES			
Program services	<u>429,805</u>	<u>0</u>	<u>429,805</u>
Total Expenses	<u>429,805</u>	<u>0</u>	<u>429,805</u>
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 FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PROGRAM SERVICE EXPENSES			
Chemicals	\$ 33,999	\$ 0	\$ 33,999
Depreciation	81,159	0	81,159
Employee benefits	24,111	0	24,111
Interest expense	8,990	0	8,990
Insurance	17,856	0	17,856
Lab test water	135	0	135
Licenses and permits	2,211	0	2,211
Office expense	3,957	0	3,957
Outside services	28,602	0	28,602
Payroll taxes	8,201	0	8,201
Postage	9,860	0	9,860
Professional services	21,068	0	21,068
Repairs and maintenance	63,160	0	63,160
Salaries	105,287	0	105,287
Telephone	31,705	0	31,705
Training	765	0	765
Travel	1,562	0	1,562
Utilities	33,988	0	33,988
Vehicle expense	4,367	0	4,367
Water purchases	13,509	0	13,509
Total Expenses	<u>\$ 494,492</u>	<u>\$ 0</u>	<u>\$ 494,492</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, 2021 AND 2020

	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 CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Increase/(decrease) in net assets	\$ (2,967)	\$ 18,849
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	81,159	81,192
Bad debt expense	0	0
(Increase)/decrease in operating assets		
Accounts receivable	1,506	6,538
Prepaid expense	(529)	(363)
Increase/(decrease) in operating liabilities		
Accounts payable and accruals	<u>31,948</u>	<u>(1,888)</u>
Net Cash Provided by/(Used in) Operating Activities	111,117	104,328
Cash Flows Provided by/(Used in) Investing Activities		
Purchase of furniture and equipment and plant and distribution lines	<u>(59,619)</u>	<u>(37,542)</u>
Net Cash Provided by/(Used in) Investing Activities	(59,619)	(37,542)
Cash Flows Provided by/(Used in) Financing Activities		
Principal payments on long-term debt	<u>(20,600)</u>	<u>(19,646)</u>
Net Cash Provided by/(Used in) Financing Activities	<u>(20,600)</u>	<u>(19,646)</u>
Net Increase/(Decrease) in Cash, cash equivalents and restricted cash	30,898	47,140
Cash, cash equivalents and restricted cash, Beginning of year	<u>147,389</u>	<u>100,249</u>
Cash, cash equivalents and restricted cash, End of year	<u>\$ 178,288</u>	<u>\$ 147,389</u>

SUPPLEMENTAL DISCLOSURE FOR CASH FLOW INFORMATION

Cash payments for interest expense for the years ended December 31, 2021 and 2020 were \$9,004 and \$9,958, respectively.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021

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, 2021 and 2020, the Pendleton Water Association, Inc. had an allowance for doubtful accounts of \$11,440 and \$10,994, respectively.

G. Cash Equivalents restricted to Farmers Home Administration Loan Repayment

As of December 31, 2021 and 2020, \$50,246 and \$47,486, 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, 2021, 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, 2021.

I. Accumulated Unpaid Vacation

The Pendleton Water Association, Inc. has no liability for accumulated unpaid vacation at December 31, 2021 and 2020.

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, 2021 and 2020, that sum to the amounts shown in the statement of cash flows for the years ended December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 128,041	\$ 99,903
Cash equivalents restricted to loan repayment	<u>50,246</u>	<u>47,486</u>
Total cash, cash equivalents and restricted cash	<u>\$ 178,287</u>	<u>\$ 147,389</u>
Shown in the statement of cash flows		

As of December 31, 2021 and 2020, the Pendleton Water Association, Inc. had \$178,287 and \$154,560, respectively, in bank deposits. These deposits were secured from risk by \$178,287 and \$154,560, respectively, of federal deposit insurance.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

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, 2021 and 2020, 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:

	2021	2020
Cash and cash equivalents	\$ 128,401	\$ 99,903
Accounts receivable, net of allowance for doubtful accounts	24,090	25,596
Prepaid expense	7,987	7,458
Cash equivalent restricted for loan repayment	50,246	47,486
Capital assets, net of accumulated depreciation	557,687	579,227
Utility deposits	200	200
Total Financial assets, period end	768,251	759,870
Less, those unavailable for general expenses within one year, due to:		
Cash equivalent restricted for loan repayment	50,246	47,486
Capital assets, net of accumulated depreciation	557,687	579,227
Utility deposits	200	200
Financial assets available to meet cash needs of general expenses within one year	\$ 160,118	\$ 132,957

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
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	175,646	59,619	0	235,265
Accumulated depreciation	(1,859,058)	(81,159)	0	(1,940,217)
Total	\$ 579,227	\$ (21,540)	\$ 0	\$ 557,687

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 5 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at December 31, 2021 and 2020.

Class of Payable	2021	2020
Vendor	\$ 42,455	\$ 10,507
Payroll liabilities	1,710	1,710
Total	\$ 44,165	\$ 12,217

NOTE 6 NOTES PAYABLE

The following is a summary of notes payable at December 31, 2021 and 2020.

	2021	2020
Note payable, FmHA, bearing interest at 4.75%, with monthly principal and interest payments of \$1,804, maturing April 2026.	\$ 94,281	\$ 111,018
Note payable, FmHA, bearing interest at 4.75%, with monthly Principal and interest payments of \$663, maturing April 2036.	84,051	87,914
Total Debt	178,332	198,932
Less: Current Portion	(21,340)	(20,521)
Long-term Portion of Debt	\$ 156,992	\$ 178,411

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

Years ending December 31,	
2022	\$ 21,340
2023	22,390
2024	23,492
2025	24,648
2026	24,108
2027-2031	27,499
2032-2036	34,855
Total	\$ 178,332

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 \$6,528 and \$6,528, and \$6,391 and \$6,391, respectively, to the social security system for the years ended December 31, 2021 and 2020, respectively. The payroll for employees covered by the social security system for the year ended December 31, 2021 and 2020 was \$105,287 and \$103,087, respectively, and the Association's total payroll for the year ended December 31, 2021 and 2020 was \$105,287 and \$103,087, 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, 2021

NOTE 8 LITIGATION

The Pendleton Water Association, Inc. was not involved in any litigation at December 31, 2021.

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, 2021 and 2020, 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 April 8, 2022, the date which the financial statements were available to be issued.