

**PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023**

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
BOARD OF DIRECTORS
DECEMBER 31, 2023

<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.
Curt Carver 380 Southern Leisure Rd, Many, LA 71449 318/315-0676	Vice President/ Treasurer	2023	3 yrs.
Mike Meyer 370 Southern Leisure Rd, Many, LA 71449 281/796-1733		2022	3yrs.
Carl Jeanise 153 Drewett Rd, Many, LA 71449 225/936-3189		2023	3 yrs.
Tony Laska 51 Point Drive, Many, LA 71449 504/579-3633		2023	3 yrs.
Christina Bass 715 Block House Rd, Many, LA 71449 318/581-5621		2023	3 yrs.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
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SHEFFIELD & SHEFFIELD, LLC

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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, 2023 and 2022, 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 23, 2024

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 184,766	\$ 95,390
Accounts receivable, net of allowance for doubtful accounts	68,450	49,552
Prepaid expense	<u>9,713</u>	<u>8,406</u>
Total Current Assets	262,929	153,348
Cash equivalents restricted to loan repayment	55,771	53,008
Capital assets, net of accumulated depreciation	428,214	484,818
Utility deposits	<u>200</u>	<u>200</u>
Total Assets	<u>\$ 747,114</u>	<u>\$ 691,374</u>
LIABILITIES		
Current Liabilities		
Current portion of long-term debt	\$ 22,831	\$ 22,266
Accounts payable	<u>8,427</u>	<u>14,729</u>
Total Current Liabilities	31,258	36,995
Noncurrent Liabilities		
Long-term debt, net of current portion	<u>111,251</u>	<u>134,465</u>
Total Long-term Liabilities	<u>111,251</u>	<u>134,465</u>
Total Liabilities	142,509	171,460
NET ASSETS		
Without donor restrictions	548,834	466,906
With donor restrictions	<u>55,771</u>	<u>53,008</u>
Total Net Assets	<u>604,605</u>	<u>519,914</u>
Total Liabilities and Net Assets	<u>\$ 747,114</u>	<u>\$ 691,374</u>

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Program service fees	\$ 728,800	\$ 2,736	\$ 731,536
Interest income	<u>303</u>	<u>27</u>	<u>330</u>
Total Revenues and Support	729,103	2,763	731,866
 EXPENSES			
Program services	<u>647,175</u>	<u>0</u>	<u>647,175</u>
Total Expenses	647,175	0	647,175
 Increase/(Decrease) in Net Assets	81,928	2,763	84,691
 Net Assets, Beginning of year	<u>466,906</u>	<u>53,008</u>	<u>519,914</u>
 Net Assets, End of year	<u>\$ 548,834</u>	<u>\$ 55,771</u>	<u>\$ 604,605</u>

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Program service fees	\$ 539,947	\$ 2,736	\$ 542,683
Interest income	87	26	113
Total Revenues and Support	<u>540,034</u>	<u>2,762</u>	<u>542,796</u>
EXPENSES			
Program services	<u>568,636</u>	<u>0</u>	<u>568,636</u>
Total Expenses	<u>568,636</u>	<u>0</u>	<u>568,636</u>
Increase/(Decrease) in Net Assets	(28,602)	2,762	(28,602)
Net Assets, Beginning of year	<u>495,508</u>	<u>50,246</u>	<u>545,754</u>
Net Assets, End of year	<u>\$ 466,906</u>	<u>\$ 53,008</u>	<u>\$ 519,914</u>

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
PROGRAM SERVICE EXPENSES			
Chemicals	\$ 65,725	\$ 0	\$ 65,725
Depreciation	80,179	0	80,179
Employee benefits	36,645	0	36,645
Interest expense	6,940	0	6,940
Insurance	26,651	0	26,651
Licenses and permits	4,588	0	4,588
Office expense	10,779	0	10,779
Outside services	13,480	0	13,480
Payroll taxes	11,365	0	11,365
Postage	6,313	0	6,313
Professional services	16,649	0	16,649
Repairs and maintenance	154,248	0	154,248
Salaries	146,000	0	146,000
Telephone	10,957	0	10,957
Training	1,098	0	1,098
Travel	1,286	0	1,286
Utilities	34,392	0	34,392
Vehicle expense	5,891	0	5,891
Water purchases	13,989	0	13,989
Total Expenses	<u>\$ 647,175</u>	<u>\$ 0</u>	<u>\$ 647,175</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, 2023 AND 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
PROGRAM SERVICE EXPENSES			
Chemicals	\$ 57,710	\$ 0	\$ 57,710
Depreciation	82,119	0	82,119
Employee benefits	31,603	0	31,603
Interest expense	7,990	0	7,990
Insurance	20,013	0	20,013
Lab test water	0	0	0
Licenses and permits	949	0	949
Office expense	3,439	0	3,439
Outside services	22,341	0	22,341
Payroll taxes	8,563	0	8,563
Postage	7,746	0	7,746
Professional services	25,565	0	25,565
Repairs and maintenance	116,935	0	116,935
Salaries	109,476	0	109,476
Telephone	16,655	0	16,655
Training	0	0	0
Travel	0	0	0
Utilities	37,386	0	37,386
Vehicle expense	6,100	0	6,100
Water purchases	14,046	0	14,046
Total Expenses	<u>\$ 568,636</u>	<u>\$ 0</u>	<u>\$ 568,636</u>

See accompanying notes and accountant's report.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Increase/(decrease) in net assets	\$ 84,691	\$ (25,840)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	80,179	82,119
Bad debt expense	0	0
(Increase)/decrease in operating assets		
Accounts receivable	(18,898)	(25,463)
Prepaid expense	(1,307)	(419)
Increase/(decrease) in operating liabilities		
Accounts payable and accruals	<u>(6,302)</u>	<u>(29,436)</u>
Net Cash Provided by/(Used in) Operating Activities	138,363	961
Cash Flows Provided by/(Used in) Investing Activities		
Purchase of furniture and equipment and plant and distribution lines	<u>(23,575)</u>	<u>(9,250)</u>
Net Cash Provided by/(Used in) Investing Activities	(23,575)	(9,250)
Cash Flows Provided by/(Used in) Financing Activities		
Principal payments on long-term debt	<u>(22,649)</u>	<u>(21,601)</u>
Net Cash Provided by/(Used in) Financing Activities	<u>(22,649)</u>	<u>(21,601)</u>
Net Increase/(Decrease) in Cash, cash equivalents and restricted cash	92,139	(29,890)
Cash, cash equivalents and restricted cash, Beginning of year	<u>148,398</u>	<u>178,288</u>
Cash, cash equivalents and restricted cash, End of year	<u>\$ 240,537</u>	<u>\$ 148,398</u>

SUPPLEMENTAL DISCLOSURE FOR CASH FLOW INFORMATION

Cash payments for interest expense for the years ended December 31, 2023 and 2022 were \$6,955 and \$8,004, respectively.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023

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, 2023 and 2022, the Pendleton Water Association, Inc. had an allowance for doubtful accounts of \$9,672 and \$5,298, respectively.

G. Cash Equivalents restricted to Farmers Home Administration Loan Repayment

As of December 31, 2023 and 2022, \$55,771 and \$53,008, 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, 2023, 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, 2023.

I. Accumulated Unpaid Vacation

The Pendleton Water Association, Inc. has no liability for accumulated unpaid vacation at December 31, 2023 and 2022.

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, 2023 and 2022, that sum to the amounts shown in the statement of cash flows for the years ended December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 184,766	\$ 95,390
Cash equivalents restricted to loan repayment	<u>55,771</u>	<u>53,008</u>
Total cash, cash equivalents and restricted cash		
Shown in the statement of cash flows	<u>\$ 240,537</u>	<u>\$ 148,398</u>

As of December 31, 2023 and 2022, the Pendleton Water Association, Inc. had \$242,389 and \$153,513, respectively, in bank deposits. These deposits were secured from risk by \$242,389 and \$153,513, respectively, of federal deposit insurance.

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

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, 2023 and 2022, 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:

	2023	2022
Cash and cash equivalents	\$ 184,766	\$ 95,390
Accounts receivable, net of allowance for doubtful accounts	68,450	49,552
Prepaid expense	9,713	8,406
Cash equivalent restricted for loan repayment	55,771	53,008
Capital assets, net of accumulated depreciation	428,214	484,818
Utility deposits	200	200
Total Financial assets, period end	747,114	691,374
Less, those unavailable for general expenses within one year, due to:		
Cash equivalent restricted for loan repayment	55,771	53,008
Capital assets, net of accumulated depreciation	428,214	484,818
Utility deposits	200	200
Financial assets available to meet cash needs of general expenses within one year	\$ 262,929	\$ 153,348

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	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
Accumulated depreciation	(2,022,336)	(80,179)	0	(2,102,515)
Total	\$ 484,818	\$ (56,604)	\$ 0	\$ 428,214

PENDLETON WATER ASSOCIATION, INC.
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

NOTE 5 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at December 31, 2023 and 2022.

Class of Payable	2023	2022
Vendor	\$ 8,427	\$ 14,698
Payroll liabilities	0	31
Total	\$ 8,427	\$ 14,729

NOTE 6 NOTES PAYABLE

The following is a summary of notes payable at December 31, 2023 and 2022.

	2023	2022
Note payable, FmHA, bearing interest at 4.75%, with monthly principal and interest payments of \$1,804, maturing April 2026.	\$ 58,331	\$ 76,732
Note payable, FmHA, bearing interest at 4.75%, with monthly Principal and interest payments of \$663, maturing April 2036.	75,751	79,999
Total Debt	134,082	156,731
Less: Current Portion	(22,831)	(22,266)
Long-term Portion of Debt	\$ 111,251	\$ 134,465

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

Years ending December 31,	
2024	\$ 22,831
2025	23,954
2026	25,133
2027	4,976
2028	5,217
2029-2033	30,142
2034-2036	21,829
Total	\$ 134,082

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 \$9,052 and \$6,788, and \$9,052 and \$6,788, respectively, to the social security system for the years ended December 31, 2023 and 2022, respectively. The payroll for employees covered by the social security system for the year ended December 31, 2023 and 2022 was \$146,000 and \$109,477, respectively, and the Association's total payroll for the year ended December 31, 2023 and 2022 was \$146,000 and \$109,477, 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, 2023

NOTE 8 LITIGATION

The Pendleton Water Association, Inc. was not involved in any litigation at December 31, 2023.

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, 2023 and 2022, 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 23, 2024, the date which the financial statements were available to be issued.