
Creedmoor Maha Water Supply Corporation

(A Nonprofit Corporation)

October 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Creedmoor Maha Water Supply Corporation:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Creedmoor Maha Water Supply Corporation (a Texas nonprofit Corporation) (the "Corporation"), which comprise the statement of financial position as of October 31, 2023, and the related statement of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Creedmoor Maha Water Supply Corporation as of October 31, 2023, and the results of its operations and its cash flows for year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Creedmoor Maha Water Supply Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Corporation's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the

Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the Corporation restated beginning net assets due to the recognition of the membership liability. Our opinion is not modified with respect to this matter.

Brooks Watson & Co.

Brooks Watson & Co., PLLC
Certified Public Accountants
Houston, Texas
February 21, 2024

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Creedmoor-Maha Water Supply Corporation

(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

October 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	18,604,014
Investments		177,140
Accounts receivable, net		609,030
Prepaid expenses		35,541

TOTAL CURRENT ASSETS 19,425,725

NONCURRENT ASSETS

Construction in progress		1,071,115
Property, plant, and equipment, net		8,553,628
Goodwill		48,734

TOTAL ASSETS \$ 29,099,202

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	863,641
Accrued expenses		26,879
Unearned revenue		19,974
Membership liability		284,600
Accrued interest		33,573
Long-term debt, current portion		462,641

TOTAL CURRENT LIABILITIES 1,691,308

NONCURRENT LIABILITIES

Contribution in Aid of Construction		7,071,849
Long-term debt, noncurrent portion		9,295,867

TOTAL LIABILITIES \$ 18,059,024

NET ASSETS

Without donor restrictions:		
Designated by Board (See Note 2)		297,210
Undesignated		10,742,968

TOTAL NET ASSETS 11,040,178

TOTAL LIABILITIES AND NET ASSETS \$ 29,099,202

The accompanying notes are an integral part of these financial statements.

Creedmoor-Maha Water Supply Corporation

(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

For the Year Ended October 31, 2023

	Net Assets Without Restrictions		Total
	Undesignated Net Assets	Board Designated Net Assets	
REVENUES			
Water and meter sales	\$ 5,111,819	\$ -	\$ 5,111,819
Operations, maintenance, and expansion fees	776,175	-	776,175
Interest income	452,562	-	452,562
Dividends	5,406	-	5,406
Other income	1,340	1,340	2,680
TOTAL REVENUE	<u>6,347,302</u>	<u>1,340</u>	<u>6,348,642</u>
EXPENSES			
Program services	4,608,207	-	4,608,207
Supporting activities:			
Management & General	793,059	-	793,059
TOTAL EXPENSES	<u>5,401,266</u>	<u>-</u>	<u>5,401,266</u>
Increase (decrease) in net assets	946,036	1,340	947,376
Net assets, beginning of year	9,796,932	295,870	10,092,802
Net assets, end of year	<u>\$ 10,742,968</u>	<u>\$ 297,210</u>	<u>\$ 11,040,178</u>

The accompanying notes are an integral part of these financial statements.

Creedmoor-Maha Water Supply Corporation

(A Nonprofit Corporation)

STATEMENT OF CASH FLOWS

For the Year Ended October 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 947,376
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation and amortization	377,613
Change in assets and liabilities:	
Accounts receivable	(7,831)
Prepaid expenses	1,791
Accounts payable & accrued expenses	725,636
Membership liability	21,187
Unearned revenue	(1,567)
Net cash provided by operating activities	<u>2,064,205</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends reinvested	(7,486)
Change in contribution in aid of construction	1,265,843
Acquisition of fixed assets	(1,089,917)
Net cash provided by investing activities	<u>168,440</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on long-term debt	(471,540)
Net cash provided (used) by financing activities	<u>(471,540)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

	1,761,105
Cash and cash equivalents, beginning of period	16,842,909
Cash and cash equivalents, end of period	<u>\$ 18,604,014</u>

The accompanying notes are an integral part of these financial statements.

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Creedmoor-Maha Water Supply Corporation

(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended October 31, 2023

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Salaries, wages, and benefits	\$ 624,432	\$ 100,737	\$ 725,169
Repairs and maintenance	1,815,713	-	1,815,713
Insurance	45,074	194	45,268
Legal and professional	482,854	539,911	1,022,765
Dues and fees	30,124	5,316	35,440
Advertising	-	1,403	1,403
Office and business expense	190,717	126,350	317,067
Utilities	640,806	441	641,247
Interest expense	419,581	-	419,581
Depreciation and amortization	358,906	18,707	377,613
	<u>\$ 4,608,207</u>	<u>\$ 793,059</u>	<u>\$ 5,401,266</u>

The accompanying notes are an integral part of these financial statements.

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Creedmoor Maha Water Supply Corporation

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended October 31, 2023

NATURE OF OPERATIONS

Creedmoor-Maha Water Supply Corporation is a Texas nonprofit corporation, member owned and controlled corporation (the "Corporation"). The Corporation furnishes water services to homes and businesses in the central Texas area and is headquartered in Buda, Texas. The Corporation's operating policies, rates and regulations are adopted by a Board of Directors, who are elected by the members of the Corporation. Funding for the Organization is provided by corporate contributions, grants, donations from foundations and individuals, and artistic and other earned revenue.

The management of the Corporation is responsible for the accuracy and internal consistency of the preparation of the financial statements and notes contained in this annual report.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Net Asset Classification

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Net assets without donor restrictions – Include those assets over which the Board of Directors has discretionary control, are for use in general operations, and not subject to donor (or certain grantor) restrictions. As of yearend, the Corporation recognized \$297,210 of board designated net assets.

Creedmoor Maha Water Supply Corporation

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended October 31, 2023

Net assets with donor restrictions – Net assets subject to donor-imposed (or certain grantor-) restrictions that will be met either by actions of the Corporation and/or the passage of time. When donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Corporation had no net assets with donor restrictions as of yearend.

Revenue Recognition

The Corporation derives its revenues primarily from the sale of water needed or required by its members. Revenues are recognized when control of these services is transferred to its members, in an amount that reflects the consideration the Corporation expects to be entitled to in exchange for those services. Other taxes the Corporation collects concurrent with revenue-producing activities are recognized as revenue. The Company does not have any significant financing components as payment is received shortly after the point of sale. Costs incurred to obtain a contract will be expensed as incurred when the amortization period is less than a year.

Disaggregation of Revenue from Contracts with Customers

Revenue from performance obligations satisfied at a point in time consists of sales of water services, feasibility services, and meter installations. These services are sold to members within the area designated by their certificate of convenience and necessity (“CCN”).

Revenue from performance obligations satisfied over time consists of capital improvements through contributions in aid of construction to offset the acquisition, improvement, or construction costs of the Corporation property, facilities, or equipment used to provide utility services to the public. Revenues from contributions in aid of construction are not recognized as related expenses are incurred and are offset directly with the contribution. These services are sold to developers who are developing construction projects in the Corporation’s CCN.

Performance Obligations

For performance obligations related to the sale of water and meter installations, control transfers to the customer at a point in time. The Corporation’s principal terms of sales of water are billed monthly for service provided for the month before. The Corporation is billing one month in arrears. Performance obligations related to the installation of meters and feasibility studies, control transfers to the customer at the point the meter is installed, and the feasibility study has been presented.

For performance obligations related to capital improvements, control transfers to the customer as the construction progresses and the expenses have been incurred. These funds are recorded as a liability and the liability is reduced as the Corporation uses the contributions on capital plan improvements for expansion into the new developments.

Creedmoor Maha Water Supply Corporation

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended October 31, 2023

Contract Balances

Contact assets consists of the Corporations right to payment from customers for water services that have been provided to the customers. The balance of contract receivables as of October 31, 2023 was \$566,392 for accounts receivable with customer contracts and \$42,639 of bank reimbursement receivables. The Corporation's revenue is generally from water and meter sales and providing services to its customers. Revenue is recognized when the water is consumed by the customer and other sales or services are recognized when the product is delivered, or service is provided. The Corporation recognized \$13,512 for the estimated allowance of doubtful accounts as of yearend.

Contract liabilities consist of the Corporation's obligation to supply water for customers for which the Corporation has received prepayment for the customer's account. Contract liabilities primarily relate to unearned revenue which will be recognized once the prepaid amount has been utilized against the customer's future billings. Balances of contract liabilities as of October 31, 2023 was \$19,974.

Variable Consideration

The nature of the Company's business gives rise to variable consideration, including rebates, allowances, and returns that generally decrease the transaction price which reduces revenue. These variable amounts are generally credited to the customer, based on achieving certain levels of sales activity, service returns or price concessions. Variable consideration is estimated at the most likely amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are estimated based upon historical experience and known trends.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Cash and Cash Equivalents

The Corporation considers all cash on hand, demand bank deposits, and short-term highly liquid investments that are both readily convertible to cash and have an original maturity of three months or less when purchased to be cash or cash equivalents. As of October 31, 2023, cash and cash equivalents totaled \$18,604,014. Cash and cash equivalents in the amount of \$297,210 have been set aside by the board of directors to cover designated net assets. As of October 31, 2023, the market values of pledged collateral and FDIC coverage exceeded bank balances.

Creedmoor Maha Water Supply Corporation

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended October 31, 2023

Accounts Receivables

Accounts receivables are presented in the balance sheets less an allowance for doubtful accounts. The allowance for doubtful accounts is based on the Corporation's projected and actual losses, the existing economic conditions in the community, and the financial stability of its customers. Accounts receivables are granted on a thirty-day basis, at which time the account is classified as past due. Late fees are charged on balances after ten days past due. Past due accounts are charged-off after all reasonable attempts of collection are exhausted. Interest is not accrued on past due balances.

Financial Instruments and Credit Risk

The Corporation's financial instruments consist of cash, pledges receivable, prepaid expenses, investments (certificates of deposit and patronage stock), accounts payable, accrued expenses, unearned revenue, and debt obligations. The estimated fair value of these respective items approximate their carrying amounts due to the short-term nature of these instruments.

In the case of cash, restricted cash, and certificates of deposit, custodial credit risk is the risk that in the event of a bank failure, the Corporation's bank deposit balances, which are deposited in demand accounts in federally insured domestic institutions to minimize risk, may exceed the insurance coverage guaranteed by the Federal Deposit Insurance Corporation (FDIC) may not be returned to it. The market values of the Corporation's pledged collateral and FDIC coverage exceeded bank balances as of yearend.

The Corporation's customer base consists of commercial entities and individuals. The Corporation regularly extends credit to these customers in the form of monthly utility billings and rarely requires collateral. Management monitors credit levels and the financial condition of its customers to minimize credit risk and management believes that adequate provision for credit loss has been made.

Capital Assets and Depreciation

All asset purchases are recorded at cost when purchased. The Corporation defines assets with a life of over one year and a cost of over \$5,000 as capital assets that are to be capitalized and depreciated. Donated assets are recorded at fair market value on the date acquired. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Creedmoor Maha Water Supply Corporation

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended October 31, 2023

Depreciation has been calculated on the asset's estimated useful life for each class of depreciable property using the straight-line method as follows:

Buildings & improvements	20 - 40 years
Storage tanks and pressure system	40 years
Water wells, lines, and meters	40 years
Machinery and equipment	3 - 10 years
Trucks, tractors, and cutters	3 - 10 years
Furniture and fixtures	3 - 10 years
Computers and software	3 - 10 years

Goodwill and Other Intangible Assets:

Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquire, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized but tested for impairment at least annually or more frequently if events and circumstances exists that indicate that a goodwill impairment test should be performed. During the 2019 fiscal year, the Corporation purchased the Twin Creek Water Supply Corporation. The consideration given exceeded the fair value of the assets acquired. The difference was recorded as goodwill. The Corporation's goodwill does not have an indefinite life and is amortized over the useful life of the tangible assets that were acquired during the business combination. Goodwill, net of accumulated amortization totaled \$48,734 as of October 31, 2023. Current year amortization expense was \$3,481.

Fair Value Measurements

FASB ASC 820-10, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, wages and benefits, repairs and maintenance, office and general business

Creedmoor Maha Water Supply Corporation

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended October 31, 2023

expenses, utilities, interest, professional fees, and other, which are allocated on the basis of estimates of time and effort. The Corporation did not incur any fundraising expenses during the current or previous year.

Federal Income Taxes

The Corporation is exempt from federal income tax under section 501(c)(12) of the Internal Revenue Code. In addition, the Corporation has been classified as an organization that is not a private foundation.

There was no unrelated business income for the year ended October 31, 2023.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 740, *Income Taxes*, requires extensive disclosures about uncertain tax positions. The requirements of this standard are applicable to nonprofit organizations. The Corporation evaluates any uncertain tax positions using the provisions of FASB ASC 450, Contingencies. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management's judgment with respect to the likely outcome of each uncertain tax position.

The Corporation does not believe that it has engaged in any situations that would result in an uncertain tax position. As a result, management does not believe that any uncertain tax positions currently exist and therefore, no loss contingency has been recognized in the accompanying financial statements. Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, the Corporation does not have any open examinations with either the Internal Revenue Service or state taxing authorities.

NOTE 2 – NET ASSETS – DESIGNATED BY BOARD

The Corporation's board of directors has designated net assets for the following specific purposes:

	<u>2023</u>	<u>2022</u>
Debt service	\$ 297,210	\$ 295,870
Total Designated Net Assets	\$ 297,210	\$ 295,870

Creedmoor Maha Water Supply Corporation

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended October 31, 2023

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Corporation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The following table sets forth by level, within the fair value hierarchy, the Corporation's fair value measurements at October 31, 2023:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Certificates of deposits	\$ 106,132	\$ 106,132	\$ -	\$ -
Patronage stock	71,008	-	71,008	-
Total Assets at fair value	<u>\$ 177,140</u>	<u>\$ 106,132</u>	<u>\$ 71,008</u>	<u>\$ -</u>

NOTE 4 – INVESTMENTS

Investments consisting of certificates of deposit are recorded at fair value. The Corporation receives qualified patronage allocations of cash and A-stock from a financial institution. Patronage stock is recorded at the allocated value and consists of A-Stock totaling \$71,008 as of October 31, 2023. The certificates of deposit earned interest totaling \$2,080 and patronage dividend distribution totaled \$5,406. Both were reinvested. A detail of the Corporation's investments as of October 31, 2023 is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Yearend Value</u>
12 month term certificate of deposit	3.75%	3/31/2024	106,132
Patronage stock	n/a	n/a	71,008
		Total	<u>\$ 177,140</u>

Creedmoor Maha Water Supply Corporation

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended October 31, 2023

NOTE 5 – CAPITAL ASSETS

A detail of the Corporation’s fixed asset costs and related accumulated depreciation for the year ending October 31, 2023 is as follows:

	10/31/2022 Balances	Increases	Decreases	10/31/2023 Balances
Capital assets, not being depreciated:				
Land	\$ 1,082,192	\$ 10,000	\$ -	\$ 1,092,192
Construction in progress	257,074	814,041	-	1,071,115
Total capital assets not being depreciated	1,339,266	824,041	-	2,163,307
Capital assets, being depreciated:				
Furniture and fixtures	30,182	-	-	30,182
Trucks, tractors, and cutters	85,949	-	-	85,949
Machinery and equipment	810,445	44,871	-	855,316
Computers and software	42,487	-	-	42,487
Storage tanks and pressure system	2,525,955	-	-	2,525,955
Water wells, lines, and meters	10,375,571	221,005	-	10,596,576
Building and improvements	1,190,301	-	-	1,190,301
Total capital assets being depreciated	15,060,890	265,876	-	15,326,766
Less: accumulated depreciation/amortization	(7,491,198)	(374,132)		(7,865,330)
Total accumulated depreciation/amortization	(7,491,198)	(374,132)	-	(7,865,330)
Net capital assets being depreciated	7,569,692	(108,256)	-	7,461,436
Total Capital Assets	\$ 8,908,958	\$ 715,785	\$ -	\$ 9,624,743

Depreciation and amortization expense was \$374,132 for the year ending October 31, 2023.

NOTE 6 – NET ASSETS

Net assets consist of member assessments and accumulated net assets. Each member is entitled to one vote upon membership qualification and payment of a membership fee of \$100. All customers must be members and memberships contain no right of dividend and are non-transferable except under certain circumstances, without compensation, related to the allowable transfer of service. Memberships may be transferred to the Corporation without compensation.

Creedmoor Maha Water Supply Corporation

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended October 31, 2023

NOTE 7 – DEBT

The following table summarizes the Corporation’s long-term debt as of October 31, 2023.

	2023
Notes Payable:	
\$1,400,000 note payable secured by first lien on all equity that the Corp. may own in the financial institution and first priority lien on real/personal property due in monthly installments through 2028, interest 5.68% as of 10/31/2023	\$ 511,974
\$340,000 note payable secured by first lien on all equity that the Corp. may own in the financial institution and first priority lien on real/personal property due in monthly installments through 2031, interest 4.93% as of 10/31/2023	228,710
\$817,912 note payable secured by first lien on all equity that the Corp. may own in the financial institution and first priority lien on real/personal property due in monthly installments through 2045, interest 3.25% as of 10/31/2023	755,258
\$4,667,500 note payable to Texas Water Development Board secured by first lien on all equity that the Corp. may own in the financial institution and first priority lien on real/personal property, due in monthly installments through 2049, interest 2.22% as of 10/31/2023	3,856,152
\$4,667,500 note payable to Texas Water Development Board secured by first lien on all equity that the Corp. may own in the financial institution and first priority lien on real/personal property, due in monthly installments through 2052, interest 3.75% as of 10/31/2023	4,406,414
Total Notes Payable	\$ 9,758,508

The Corporation made \$471,540 of principal payments during the current year.

Year ending October 31,	Debt Obligations		
	Principal	Interest	Total
2024	\$ 462,641	\$ 374,519	\$ 837,160
2025	470,697	356,759	827,456
2026	479,122	338,351	817,473
2027	488,007	319,240	807,247
2028	446,803	299,900	746,703
Thereafter	7,411,238	3,276,440	10,687,678
	\$ 9,758,508	\$ 4,965,209	\$ 14,723,717

Creedmoor Maha Water Supply Corporation

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended October 31, 2023

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Corporation’s liquidity management, it strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The following reflects the Corporation’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Amounts available include donor restricted amounts that are available for general expenditure in the following year.

	<u>10/31/2023</u>
Financial assets at year-end:	
Cash and cash equivalents	\$ 18,604,014
Investments	177,140
Accounts receivable	609,030
Less contractual or donor-imposed restrictions:	
Net assets with donor-imposed restrictions	-
Financial assets available to meet cash needs	
for general expenditures within one year	<u>\$ 19,390,184</u>

NOTE 9 – CONTRIBUTION IN AID OF CONSTRUCTION

Contributions in aid of construction (“CIAC”) are received from developers who are developing construction projects in the Corporation’s CCN. They are utilized to offset the acquisition, improvement, or construction costs of the Corporation property, facilities, or equipment used to provide utility services to the public. Unspent CIAC are considered advances and reports as a liability by the Corporation. Amounts spent by the Corporation in excess of CIAC received are capitalized and reported as fixed assets. Current ear CIAC activity is as follows:

	<u>2023</u>
Beginning CIAC Liability	\$ 5,806,006
CIAC Received	4,765,058
Capital Expenses	(3,499,215)
Ending CIAC Liability	<u>\$ 7,071,849</u>

Creedmoor Maha Water Supply Corporation

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended October 31, 2023

NOTE 10 – RESTATEMENT

Due to the recognition of a membership liability, the Corporation restated beginning net assets. The following summarizes the restatement:

	<u>Restatement</u>
Ending net assets as of October 31, 2022, as reported	\$ 10,356,215
Recognition of membership liability	<u>(263,413)</u>
Beginning net assets, restated	<u>\$ 10,092,802</u>

NOTE 11 – SUBSEQUENT EVENTS

The Corporation had no material subsequent events after the balance sheet date through the date the financial statements were available to be issued. The Corporation evaluated subsequent events through February 21, 2024, the date the financial statements were available to be issued.