

CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON

MODIFIED CASH BASIS BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 (UNAUDITED) AND
2023 (AUDITED)



12700 SW 72nd Ave.
Tigard, OR 97223

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April 2, 2025

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Management is responsible for the accompanying basic financial statements of Crooked River Ranch Water Company (the Company) (a nonprofit organization), which comprise the statements of financial position – modified cash basis as of December 31, 2024 and 2023, and the related statements of activities – modified cash basis, functional disbursements – modified cash basis, and cash flows – modified cash basis for the years then ended, and the related notes to the basic financial statements in accordance with the modified cash basis, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. 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 2024 modified cash basis basic financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these basic financial statements.

The 2023 basic financial statements were audited by us and we expressed an unmodified opinion on them in our report dated March 15, 2024. We have not performed any auditing procedures on the basic financial statements since March 15, 2024.

We draw attention to Note 1 of the basic financial statements, which describes the basis of accounting. The basic financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Roy R Rogers

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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MODIFIED CASH BASIS BASIC FINANCIAL STATEMENTS

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CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON

STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS
at December 31, 2024 and 2023

	(Unaudited) 2024	(Audited) 2023
ASSETS:		
Current Assets		
Cash and cash equivalents	\$ 264,501	\$ 130,722
Restricted cash for debt service	118,424	118,424
Total Current Assets	382,925	249,146
Capital Assets		
Capital assets, net of accumulated depreciation	6,563,414	6,864,465
TOTAL ASSETS	6,946,339	7,113,611
LIABILITIES:		
Current Liabilities		
Payroll liabilities	439	-
Customer deposits	2,775	1,200
Current portion of long-term debt	96,703	94,924
Total Current Liabilities	99,917	96,124
Long-term Liabilities		
USDA loan, net of current portion and Amortization fees of \$8,881 and \$9,159	4,082,185	4,178,610
Total Liabilities	4,182,102	4,274,734
NET ASSETS		
Net assets without donor restrictions	2,764,237	2,838,877
Total Net Assets	2,764,237	2,838,877
TOTAL LIABILITIES AND NET ASSETS	\$ 6,946,339	\$ 7,113,611

See accompanying notes and accountants' Compilation report.

CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON

STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS
for the Years Ended December, 2024 and 2023

	(Unaudited) 2024	(Audited) 2023
Receipts		
Metered water sales	\$ 1,292,297	\$ 1,012,121
New connection fees	20,742	11,710
Re-connection fees	140	307
Interest income	277	470
Cell tower fees	40,800	40,529
Miscellaneous income	5,037	4,230
Cross connection fee	3,495	6,589
Total Receipts	<u>1,362,788</u>	<u>1,075,956</u>
Disbursements		
Operating Disbursements	1,063,795	1,118,625
General and Administrative	<u>373,633</u>	<u>313,822</u>
Total Disbursements	<u>1,437,428</u>	<u>1,432,447</u>
Change in Net Assets	(74,640)	(356,491)
Prior Period Adjustment	-	(104,572)
Net Assets at Beginning of Year	<u>2,838,877</u>	<u>3,299,940</u>
Net Assets at End of Year	<u><u>\$ 2,764,237</u></u>	<u><u>\$ 2,838,877</u></u>

See accompanying notes and accountants' Compilation report.

CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON

STATEMENT OF FUNCTIONAL DISBURSEMENTS - MODIFIED CASH BASIS
for the Year Ended December 31, 2024 (Unaudited)

	Operating	General & Adminstrative	Total
DISBURSEMENTS:			
Amortization	\$ 278	\$ -	\$ 278
Computer expense	-	46,509	46,509
Contract services	64,938	-	64,938
Depreciation	372,022	-	372,022
Double Check Valve Backflow Program	-	370	370
Dues and Subscriptions	-	3,826	3,826
Education and Staff Conferences	-	3,197	3,197
Employee Benefits	-	76,554	76,554
Insurance	-	35,683	35,683
Interest expense	-	80,301	80,301
Legal and professional fees	-	31,551	31,551
License and fees	-	2,329	2,329
Miscellaneous	-	44,075	44,075
Other supplies and postage	3,796	6,388	10,184
Payroll taxes and expense	-	33,456	33,456
Power	112,658	7,427	120,085
Property Tax	-	822	822
Public Relation Advertising	-	1,145	1,145
Equipment Rental	2,171	-	2,171
Small tools	2,534	-	2,534
System repair and maintenance	47,981	-	47,981
Telephone and utilities	10,213	-	10,213
Transportation	34,915	-	34,915
Chemicals/Treatment expense	967	-	967
Wages	406,833	-	406,833
Water quality test	4,489	-	4,489
Total Disbursements	<u>\$ 1,063,795</u>	<u>\$ 373,633</u>	<u>\$ 1,437,428</u>

See accompanying notes and accountants' Compilation report.

CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON

STATEMENT OF FUNCTIONAL DISBURSEMENTS - MODIFIED CASH BASIS
for the Year Ended December 31, 2023 (Audited)

	Operating	General & Administrative	Total
DISBURSEMENTS:			
Amortization	\$ 1,112	\$ -	\$ 1,112
Computer expense	-	40,899	40,899
Contract services	76,692	-	76,692
Depreciation	379,705	-	379,705
Double Check Valve Backflow Program	-	120	120
Dues and Subscriptions	-	3,684	3,684
Education and Staff Conferences	-	3,497	3,497
Employee Benefits	-	43,408	43,408
Insurance	-	31,956	31,956
Interest expense	-	82,075	82,075
Legal and professional fees	-	18,735	18,735
License and fees	-	2,890	2,890
Miscellaneous		40,623	40,623
Other supplies and postage	7,371	6,352	13,723
Payroll taxes and expense	-	30,423	30,423
Power	105,056	7,527	112,583
Property Tax	-	863	863
Public Relation Advertising	-	770	770
Small tools	8,058	-	8,058
System repair and maintenance	101,764	-	101,764
Telephone and utilities	7,473	-	7,473
Transportation	49,686	-	49,686
Wages	374,760	-	374,760
Water quality test	6,948	-	6,948
	<u>\$ 1,118,625</u>	<u>\$ 313,822</u>	<u>\$ 1,432,447</u>
Total Disbursements			

See accompanying notes and accountants' Compilation report.

CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
for the Years Ended December, 2024 and 2023

	(Unaudited) 2024	(Audited) 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of receipts over disbursements	\$ (74,640)	\$ (356,491)
Depreciation (net)	372,022	379,705
Payroll Liabilities	439	-
Changes in operating assets and liabilities:		
Customer deposits	1,575	(212)
Amortization of loan fee	278	278
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>299,674</u>	<u>23,280</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of capital assets	<u>(70,971)</u>	<u>(254,263)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(70,971)</u>	<u>(254,263)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term loans and retention payable	<u>(94,924)</u>	<u>(93,176)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(94,924)</u>	<u>(93,176)</u>
NET INCREASE (DECREASE) IN CASH	133,779	(324,159)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>249,146</u>	<u>573,305</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 382,925</u></u>	<u><u>\$ 249,146</u></u>
Asset Presentation:		
Cash	\$ 264,501	\$ 130,722
Restricted cash	118,424	118,424
Total Cash	<u><u>\$ 382,925</u></u>	<u><u>\$ 249,146</u></u>

See accompanying notes and accountants Compilation report.

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NOTES TO THE
MODIFIED CASH BASIS BASIC FINANCIAL STATEMENTS

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**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Crooked River Ranch Water Company (the Company), was organized as a nonprofit corporation on April 27, 1977, for the purpose of owning and operating a mutual domestic water distribution system and distributing water to Crooked River Ranch, which is located in central Oregon. The Water Company may assess its members' fees to cover the costs of its water services and may accumulate funds to meet its current expenses and other reasonable needs and reserves. It is regulated by the Oregon Public Utilities Commission.

BASIS OF ACCOUNTING

The accompanying basic financial statements were prepared on the modified cash basis of accounting, which is a financial reporting framework other than accounting principles generally accepted in the United States of America. The modifications to the cash basis of accounting are the reporting of capitalization and depreciation of property and equipment, materials inventory, refundable (customer) deposits and long-term debt. Under this basis, receipts are recognized when collected rather than when earned, and disbursements are recognized when paid rather than when incurred. Receivables and payables are not reported, except for any retention payable.

The modified cash basis of accounting differs from accounting principles generally accepted in the United States primarily because the effects of outstanding receivables and obligations for expenses unpaid as of the basic financial statement date have been excluded from the basic financial statements.

USE OF ESTIMATES

Preparation of the modified cash basis basic 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

CAPITAL ASSETS

Property, plant, and equipment purchased or constructed are capitalized at cost. All purchases of property and equipment over \$2,500 per item with a useful life greater than one year are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

**CROOKED RIVER RANCH WATER COMPANY
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NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS (Continued)

Building and improvements	30-40 years
System infrastructure	20-50 years
Vehicles	5-10 years
Machinery and equipment	5-30 years
Furniture and Fixtures	5-10 years

FINANCIAL STATEMENT PRESENTATION

The accompanying basic financial statements were prepared in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14. Under FASB ASU 2016-14, information regarding financial position and activities are reported according to two classes of net assets (Net assets without donor restrictions and net assets with donor restrictions) based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Receipts, gains and other support that have no external restrictions on their use or purpose and can be used for any purpose consistent with bylaws are reported as net assets without donor restrictions. Net assets without donor restriction include all assets available for general purposes.

Net Assets with Donor Restrictions – Contributions that are received with donor stipulation or by law that limit their use are recorded as net assets with donor restrictions. Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulation that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) or those resources. Thus, those laws extend donor imposed restrictions. There are no net assets with donor restrictions at December 31, 2024 and 2023.

Contributions are recorded in accordance with FASB ASU 2016-14. Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of the donor and legal restrictions. Contributions with donor restrictions received and released in the same year are recorded as contributions without donor restrictions. For the years ended December 31, 2024 and 2023, no contributions with donor restrictions have been received.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. At December 31, 2024 and 2023, there were no investments.

**CROOKED RIVER RANCH WATER COMPANY
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NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

WATER USAGE FEES

Receipts are primarily derived from water fees collected from users and are expended for the purpose of distribution of water to the users. The minimum residential water rate per month for 2024 was \$42.16. The minimum residential water rate per month for 2023 was \$34.59 through September. After September, the fee went to a monthly rate depending on meter size with \$42.16 for a ¾ meter size. The larger the meter, the more the monthly fee. Company personnel read the meters every month during the summer with the excess usage billed at that time.

2. CASH AND CASH EQUIVALENTS

The cash and cash equivalents are considered to be cash on hand and demand deposits. Deposits with financial institutions included bank demand deposits.

	2024	2023
Demand Deposits	\$ 382,925	\$ 249,146
	<u>\$ 382,925</u>	<u>\$ 249,146</u>

Financial Statement Presentation:

	2024	2023
Cash and Cash Equivalents	\$ 264,501	\$ 130,722
Restricted Cash	118,424	118,424
	<u>\$ 382,925</u>	<u>\$ 249,146</u>

Restricted Cash is a debt service reserve required by debt covenant (see note 5).

CREDIT RISK – DEPOSITS

In the case of deposits, there is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial risk. The deposits exceeded Federal Deposit Insurance Coverage (FDIC) limit by \$182,740 and 20,124 as of December 31, 2024 and 2023, respectively.

**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS

Changes in capital assets for the year ended December 31, 2024 are as follows:

	January 1, 2024	Additions	(Deletions)	December 31, 2024
Capital Asset, Non-depreciable				
Land	\$ 141,331	-	-	\$ 141,331
Total non-depreciable	141,331	-	-	141,331
Depreciable Assets				
Land Improvements	785,145	-	-	785,145
Buildings	231,125	-	-	231,125
Water system improvements	9,081,121	68,012	-	9,149,133
Vehicles	406,185	-	-	406,185
Furniture and fixtures	27,754	2,959	-	30,713
Machinery and equipment	390,535	-	-	390,535
Total depreciable assets	10,921,865	70,971	-	10,992,836
Accumulated Depreciation				
Land Improvements	252,772	40,256	-	293,028
Buildings	146,724	5,357	-	152,081
Water system improvements	3,366,853	263,137	-	3,629,990
Vehicles	202,646	51,732	-	254,378
Furniture and fixtures	12,932	2,236	-	15,168
Machinery and equipment	216,804	9,304	-	226,108
Total accumulated depreciation	4,198,731	372,022	-	4,570,753
Total Net Depreciable Capital Assets	6,723,134			6,422,083
Total Net Capital Assets	\$ 6,864,465			\$ 6,563,414

**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS (CONTINUED)

Changes in capital assets for the year ended December 31, 2023 are as follows:

	January 1, 2023	Additions	(Deletions)	December 31, 2023
Capital Asset, Non-depreciable				
Land	\$ 141,331	-	-	\$ 141,331
Total non-depreciable	141,331	-	-	141,331
Depreciable Assets				
Land Improvements	785,145	-	-	785,145
Buildings	231,125	-	-	231,125
Water system improvements	9,002,937	78,184	-	9,081,121
Vehicles	230,106	176,079	-	406,185
Furniture and fixtures	27,754	-	-	27,754
Machinery and equipment	390,535	-	-	390,535
Total	10,667,602	254,263	-	10,921,865
Accumulated Depreciation				
Land Improvements	212,516	40,256	-	252,772
Buildings	141,367	5,357	-	146,724
Water system improvements	3,096,893	269,960	-	3,366,853
Vehicles	151,952	50,694	-	202,646
Furniture and fixtures	10,474	2,458	-	12,932
Machinery and equipment	205,824	10,980	-	216,804
Total	3,819,026	379,705	-	4,198,731
Total Net Depreciable Capital Assets	6,848,576			6,723,134
Total Net Capital Assets	\$ 6,989,907			\$ 6,864,465

**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. INCOME TAX STATUS

Crooked River Ranch Water Company is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code. In any given year, at least eighty-five percent (85%) of the Company's gross income must be collected from members, for the sole purpose of meeting losses and expenses.

U.S. Generally Accepted Accounting Principles requires management to evaluate tax positions taken and recognize a tax liability (or asset) if an uncertain position has been taken that more likely than not would not be sustained upon examination by the Internal Revenue Service.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company's management believes it is no longer subject to income tax examinations for years prior to 2021.

5. LONG-TERM LIABILITIES

Two loans were received in December of 2016 through the U.S. Department of Agriculture (USDA) Rural Utilities Service program totaling \$4,900,000. The loans are being repaid over 40 years at 1.875% interest and are secured by promissory note and deed of trust on all lands owned, assigned of income, water rights and all easements as well as a UCC-1 financing statement on all movable equipment. Annual payments of \$175,224 are made.

The Letter of Conditions requires the establishment of the following reserve accounts:

1. Debt Service Reserve:

Funded annually with an amount equal to 10% of the annual payment each year over the life of the loan until one annual installment of \$175,224 is accumulated.

The Company has complied with these conditions by designating one bank account to hold the debt service reserve. The debt service reserve account balance at December 31, 2024 and 2023 was \$118,424 for both years.

Changes in long term liabilities as of December 31, 2024 are:

	Beginning Balance 1/1/2024	Addition	Reductions	Ending Balance 12/31/2024	Due within One year
Notes Payable	\$ 4,282,693	\$ -	\$ (94,924)	\$ 4,187,769	\$ 96,703
Amortization Fee	(9,159)	-	278	(8,881)	-
Total Long term Liabilities	<u>\$ 4,273,534</u>	<u>\$ -</u>	<u>\$ (94,646)</u>	<u>\$ 4,178,888</u>	<u>\$ 96,703</u>

**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. LONG-TERM LIABILITIES (CONTINUED)

Changes in long term liabilities as of December 31, 2023 are:

	Beginning Balance 1/1/2023	Addition	Reductions	Ending Balance 12/31/2023	Due within One year
Notes Payable	\$ 4,375,869	\$ -	\$ (93,176)	\$ 4,282,693	\$ 94,924
Amortization Fee	(9,437)	-	278	(9,159)	-
Total Long term Liabilities	<u>\$ 4,366,432</u>	<u>\$ -</u>	<u>\$ (92,898)</u>	<u>\$ 4,273,534</u>	<u>\$ 94,924</u>

Future debt service requirements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	96,703	78,521	\$ 175,224
2026	98,517	76,707	175,224
2027	100,364	74,860	175,224
2028	102,246	72,978	175,224
2029	104,163	71,061	175,224
2030-2034	550,852	325,268	876,120
2035-2039	604,467	271,653	876,120
2040-2044	663,301	212,819	876,120
2045-2049	727,862	148,258	876,120
2050-2054	798,706	77,414	876,120
2055-2056	340,588	9,608	350,196
	<u>\$ 4,187,769</u>	<u>\$ 1,419,147</u>	<u>\$ 5,606,916</u>

**CROOKED RIVER RANCH WATER COMPANY
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NOTES TO THE BASIC FINANCIAL STATEMENTS

6. RENTAL AGREEMENTS

The Company entered into a couple rental agreements which were not recorded under FASB ASC 842 due to the Company's use of the modified cash basis of accounting.

In 2022, the Company signed a service and maintenance agreement with Kelley Connect for four copiers under a five-year agreement through October 2027. The monthly base payment for the services is \$227. The total disbursements for the services during the year ended December 31, 2024 and 2023 was \$2,614 and \$3,296, respectively.

In January 2023, the Company entered into an equipment finance lease for a mini excavator with Wells Fargo under a three-year agreement through 2026. The monthly payment for the lease is \$1,528 and the total disbursement for the lease during the year ended December 31, 2024 and 2023 was \$18,331 and \$15,276, respectively. The Company has the option to purchase the equipment at the end of the lease term for \$48,945.

7. PROPERTY AGREEMENTS RECEIPTS

The Company rented out the use of certain properties which were not recorded under FASB ASC 842 due to the Company's use of the modified cash basis of accounting.

In November 2016, the Company agreed to rent a property located at 8111 SW Tower road to Webformix for \$600 per month. The initial term was for 5 years with one extended additional five-year term. The Company received \$7,200 in rental receipts from Webformix for the year ended December 31, 2024 and 2023.

In November 2017, the Company entered into a 15-year facility attachment rental agreement with T-Mobile West LLC for a property located at 8111 SW Tower road, Crooked River Ranch, Oregon. The Company received \$33,600 in rental receipts from T-Mobile for the year ended December 31, 2024. The Company secured \$33,329 in rental receipts from T-mobile for the year ended December 31, 2023.

8. FUNCTIONAL DISBURSEMENTS

The Statements of Functional Disbursements report certain categories of disbursements that are attributable to more than one program or supporting function. Therefore, these disbursements require allocation on a reasonable basis that is consistently applied. All disbursements are allocated based on time and effort.

**CROOKED RIVER RANCH WATER COMPANY
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NOTES TO THE BASIC FINANCIAL STATEMENTS

9. LIQUIDITY

Financial assets available within one year of the balance sheet date for general expenditures are as follows at December 31, 2024 and 2023, respectively:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 382,925	\$ 249,146
Restricted cash	<u>(118,424)</u>	<u>(118,424)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 264,501</u>	<u>\$ 130,722</u>

The restricted cash is required by the USDA loan's debt covenant. As part of liquidity management, there is a policy to structure its financial assets to be available as its general expenses, liabilities and other obligations come due. In addition, cash in excess of daily requirements is invested in short-term investments.

10. RETIREMENT PLAN

The Company started a SIMPLE IRA retirement plan for its employees during 2015. Eligibility is limited to employees who are reasonably expected to receive at least \$5,000 in compensation for the calendar year.

The Plan provides for either a matching contribution of 1%-3% or an employer non-elective contribution equal to 2% of total employee compensation for the calendar year. This election is made annually. Employer contributions for the year ended December 31, 2024 and 2023 were \$9,263 and \$9,372, respectively. The investments of the Plan are not shown on these basic financial statements because the assets belong to the Plan for the exclusive use of the employees, and is managed by a third party provider.

11. COMMITMENTS AND CONTINGENCIES

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. The ultimate impact on the Company's finances is not determinable.

12. SUBSEQUENT EVENTS

Events have been evaluated for the year ended December 31, 2024 through April 2, 2025, the issuance date of the basic financial statements. No subsequent events were identified by management that required note disclosure.

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