

MARK STURM, MBA, INC

Accounting / Payroll / Tax Return Preparation

INDEPENDENT REPORT

May 21, 2025

To The Board of Directors
Krista Mutual Water Company
Frazier Park, California

We prepared the accompanying financial statements of Krista Mutual Water Company, a California corporation. They include income statements, balance sheets & a statement of cash flows, as of December 31, 2024 & 2023. The compilation included adjustments to management's financial data & making inquiries of management. The compilation is substantially less in scope than an audit, the objective of which would be an expression of an opinion regarding the financial statements. Accordingly, we do not express an opinion.

Management's Responsibility

Management was responsible for the preparation & fair presentation of these financial statements, in accordance with generally accepted accounting principles, including implementation, & maintenance of internal control relevant to the preparation & fair presentation of the financial statements, free from material misstatement.

Preparer's Responsibility

Preparer's responsibility was to exam the books & records, make adjusting journal entries & compile financial statements free from material modifications, in accordance with generally accepted accounting principles. We believe the result provides for reasonable financial statements.

Conclusion

We are unaware of any material modifications to the books & records by Krista Mutual Water Company, making the financial statements contrary to generally accepted accounting principles.

We are independent from Krista Mutual Water Company & met our responsibility to compile financial statements independently from Krista Mutual Water Company.

Sincerely,

Mark Sturm, MBA, Inc.

P O Box 6322, Pine Mountain Club, CA 93222

Krista Mutual Water Company

Income Statement

January - December 2024

| | TOTAL |
|---------------------------|---------------------|
| Income | |
| Residential Water | 438,081.18 |
| Connection Fees | 7,805.66 |
| Late Fees | 4,631.77 |
| Lot Water | 2,904.14 |
| Transfer Fees | 400.00 |
| Total Income | \$453,822.75 |
| GROSS PROFIT | \$453,822.75 |
| Expenses | |
| Subcontractors | 257,624.22 |
| Salaries & Wages | 55,915.23 |
| Utilities | 25,868.84 |
| Insurance | 18,692.42 |
| Legal & Accounting | 13,627.50 |
| Equipment Rental | 8,196.52 |
| Supplies | 7,235.12 |
| Payroll Taxes | 4,542.59 |
| Rent | 4,470.00 |
| Office Supplies | 3,547.96 |
| Telephone | 3,440.48 |
| Repairs & Maintenance | 2,898.87 |
| Dues & Subscriptions | 2,298.73 |
| Depreciation | 1,903.00 |
| Water Analysis | 1,341.00 |
| Permits | 920.14 |
| State Income Tax | 800.00 |
| Bad Debts | 626.01 |
| Taxes & Licenses | 592.00 |
| Postage & Freight | 242.37 |
| Automotive | 192.96 |
| Meals & Entertainment | 100.00 |
| Bank Service Charges | 74.48 |
| Total Expenses | \$415,150.44 |
| NET OPERATING INCOME | \$38,672.31 |
| Other Income | |
| Interest Income | 346.73 |
| Total Other Income | \$346.73 |
| NET OTHER INCOME | \$346.73 |
| NET INCOME | \$39,019.04 |

Krista Mutual Water Company

Income Statement Comparison

January - December 2024

| | TOTAL | |
|-------------------------------------|---------------------|---------------------|
| | JAN - DEC 2024 | JAN - DEC 2023 (PY) |
| Income | | |
| Connection Fees | 7,805.66 | 1,950.00 |
| Grant Income | | 512,654.54 |
| Late Fees | 4,631.77 | 4,569.57 |
| Lot Water | 2,904.14 | 3,120.00 |
| Residential Water | 438,081.18 | 172,510.78 |
| Transfer Fees | 400.00 | 350.00 |
| Total Income | \$453,822.75 | \$695,154.89 |
| GROSS PROFIT | \$453,822.75 | \$695,154.89 |
| Expenses | | |
| Automotive | 192.96 | 309.13 |
| Bad Debts | 626.01 | |
| Bank Service Charges | 74.48 | 111.00 |
| Computer and Internet Expenses | | 74.95 |
| Depreciation | 1,903.00 | 1,914.00 |
| Dues & Subscriptions | 2,298.73 | 707.34 |
| Education Expense | | 147.17 |
| Equipment Rental | 8,196.52 | 6,028.19 |
| Insurance | | |
| Liability | 7,350.00 | 9,542.76 |
| Medical | 9,886.55 | 8,291.70 |
| Worker's Compensation | 1,455.87 | 1,375.56 |
| Total Insurance | 18,692.42 | 19,210.02 |
| Interest | | 0.22 |
| Legal & Accounting | | 25.00 |
| Accounting | 12,660.00 | 13,605.00 |
| Legal | 967.50 | 2,423.00 |
| Total Legal & Accounting | 13,627.50 | 16,053.00 |
| Meals & Entertainment | 100.00 | |
| Office Expense (deleted) | 0.00 | 117.97 |
| Office Supplies | 3,547.96 | 1,042.71 |
| Payroll Expenses | 0.00 | 53,840.81 |
| Payroll Taxes | 4,542.59 | 4,341.74 |
| Permits | 920.14 | 823.26 |
| Postage & Freight | 242.37 | 2,646.98 |
| Power tanks (deleted) | | 2.72 |
| Rent | 4,470.00 | 3,585.00 |
| Repairs & Maintenance | 2,898.87 | |
| Returned Check Charges | 0.00 | -105.00 |
| Salaries & Wages | 55,915.23 | |
| State Income Tax | 800.00 | 800.00 |

Krista Mutual Water Company

Income Statement Comparison

January - December 2024

| | TOTAL | |
|-----------------------------|---------------------|---------------------|
| | JAN - DEC 2024 | JAN - DEC 2023 (PY) |
| Subcontractors | 257,624.22 | 23,617.22 |
| Supplies | 7,235.12 | 1,282.92 |
| Taxes & Licenses | 592.00 | |
| Telephone | 3,440.48 | |
| AT & T (deleted) | | 353.56 |
| Satelitte Phone (deleted) | | 93.60 |
| Tanks Auto Dialer (deleted) | | 1,201.61 |
| Telephone Office (deleted) | | 945.95 |
| Total Telephone | 3,440.48 | 2,594.72 |
| Utilities | | |
| Pacific Gas & Electric | 25,506.47 | 25,075.00 |
| Southern California Edison | 212.25 | 212.49 |
| Southern California Gas | 150.12 | 134.67 |
| Total Utilities | 25,868.84 | 25,422.16 |
| Water Analysis | 1,341.00 | 1,405.70 |
| Total Expenses | \$415,150.44 | \$165,973.93 |
| NET OPERATING INCOME | \$38,672.31 | \$529,180.96 |
| Other Income | | |
| Interest Income | 346.73 | 574.99 |
| Total Other Income | \$346.73 | \$574.99 |
| NET OTHER INCOME | \$346.73 | \$574.99 |
| NET INCOME | \$39,019.04 | \$529,755.95 |

Krista Mutual Water Company

Balance Sheet

As of December 31, 2024

| | TOTAL |
|--|---------------------|
| ASSETS | |
| Current Assets | |
| Bank Accounts | |
| Cash in Bank | 196,526.43 |
| Total Bank Accounts | \$196,526.43 |
| Accounts Receivable | |
| Accounts Receivable | 11,181.20 |
| Total Accounts Receivable | \$11,181.20 |
| Other Current Assets | |
| Liens Receivable | 10,954.53 |
| Prepaid Expenses (deleted) | 735.00 |
| Undeposited Funds | 0.00 |
| Total Other Current Assets | \$11,689.53 |
| Total Current Assets | \$219,397.16 |
| Fixed Assets | |
| Plant & Equipment | 414,658.00 |
| Engineering | |
| Accumulated Depreciation | -391,028.00 |
| Total Fixed Assets | \$23,630.00 |
| TOTAL ASSETS | \$243,027.16 |
| LIABILITIES AND EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Other Accounts Payable | 6,857.12 |
| Total Other Current Liabilities | \$6,857.12 |
| Total Current Liabilities | \$6,857.12 |
| Total Liabilities | \$6,857.12 |
| Equity | |
| Paid-In Capital | 220,469.00 |
| Capital Stock | 107,502.00 |
| Net Income | 39,019.04 |
| Retained Earnings | -130,820.00 |
| Total Equity | \$236,170.04 |
| TOTAL LIABILITIES AND EQUITY | \$243,027.16 |

Krista Mutual Water Company

Balance Sheet Comparison

As of December 31, 2024

| | TOTAL | |
|--|---------------------|-------------------------|
| | AS OF DEC 31, 2024 | AS OF DEC 31, 2023 (PY) |
| ASSETS | | |
| Current Assets | | |
| Bank Accounts | | |
| Cash in Bank | | |
| California Bank & Trust #1034 | 3,794.75 | 3,794.75 |
| California Bank & Trust #3526 | 69,149.24 | 44,923.61 |
| California Bank & Trust #5917 | 45,000.00 | 45,000.00 |
| California Bank & Trust #8061 | 78,582.44 | 72,235.71 |
| Total Cash in Bank | 196,526.43 | 165,954.07 |
| Meter Inst. Well Site Gen 7776 - closed 12-30-2024 (deleted) | 0.00 | 3,531.79 |
| Total Bank Accounts | \$196,526.43 | \$169,485.86 |
| Accounts Receivable | | |
| Accounts Receivable | 11,181.20 | 10,612.18 |
| Total Accounts Receivable | \$11,181.20 | \$10,612.18 |
| Other Current Assets | | |
| Accounts Receivable Adjustment (deleted) | 0.00 | 5,260.81 |
| Grant Claims Receivable (deleted) | 0.00 | 281,242.54 |
| Liens Receivable | 10,954.53 | 4,576.25 |
| Prepaid Expenses (deleted) | | |
| Prepaid Insurance (deleted) | 0.00 | 707.51 |
| Prepaid Rent (deleted) | 735.00 | 735.00 |
| Total Prepaid Expenses (deleted) | 735.00 | 1,442.51 |
| PREPAYMENTS-OTHER (deleted) | 0.00 | 284.10 |
| Total Other Current Assets | \$11,689.53 | \$292,806.21 |
| Total Current Assets | \$219,397.16 | \$472,904.25 |
| Fixed Assets | | |
| Accumulated Depreciation | -391,028.00 | -389,125.00 |
| Nondepreciable Capitalized Costs (deleted) | 0.00 | 460,602.91 |
| Plant & Equipment | 414,658.00 | 414,658.00 |
| Total Fixed Assets | \$23,630.00 | \$486,135.91 |
| TOTAL ASSETS | \$243,027.16 | \$959,040.16 |

Krista Mutual Water Company

Balance Sheet Comparison

As of December 31, 2024

| | TOTAL | |
|--|---------------------|-------------------------|
| | AS OF DEC 31, 2024 | AS OF DEC 31, 2023 (PY) |
| LIABILITIES AND EQUITY | | |
| Liabilities | | |
| Current Liabilities | | |
| Other Current Liabilities | | |
| Grant Receipts Payable (deleted) | 0.00 | 40,235.74 |
| Other Accounts Payable | 6,857.12 | 755.66 |
| Prepaid Assessment Income (deleted) | 0.00 | 5,260.81 |
| SHE LOAN METER INST. WELL SITE (deleted) | 0.00 | 241,007.00 |
| Total Other Current Liabilities | \$6,857.12 | \$287,259.21 |
| Total Current Liabilities | \$6,857.12 | \$287,259.21 |
| Long-Term Liabilities | | |
| Defferred Tax Liability (deleted) | 0.00 | 14,027.00 |
| Total Long-Term Liabilities | \$0.00 | \$14,027.00 |
| Total Liabilities | \$6,857.12 | \$301,286.21 |
| Equity | | |
| Capital Stock | 107,502.00 | 107,502.00 |
| Paid-In Capital | 220,469.00 | 220,469.00 |
| Retained Earnings | -130,820.00 | -199,973.00 |
| Net Income | 39,019.04 | 529,755.95 |
| Total Equity | \$236,170.04 | \$657,753.95 |
| TOTAL LIABILITIES AND EQUITY | \$243,027.16 | \$959,040.16 |

Krista Mutual Water Company

Statement of Cash Flows

January - December 2024

| | TOTAL |
|--|-----------------------|
| OPERATING ACTIVITIES | |
| Net Income | 39,019.04 |
| Adjustments to reconcile Net Income to Net Cash provided by operations: | |
| Grant Claims Receivable (deleted) | 281,242.54 |
| Other Accounts Payable | 6,101.46 |
| Accounts Receivable Adjustment (deleted) | 5,260.81 |
| Prepaid Expenses (deleted):Prepaid Insurance (deleted) | 707.51 |
| PREPAYMENTS-OTHER (deleted) | 284.10 |
| Accounts Receivable | -569.02 |
| Prepaid Assessment Income (deleted) | -5,260.81 |
| Liens Receivable | -6,378.28 |
| Grant Receipts Payable (deleted) | -40,235.74 |
| SHE LOAN METER INST. WELL SITE (deleted) | -241,007.00 |
| Total Adjustments to reconcile Net Income to Net Cash provided by operations: | 145.57 |
| Net cash provided by operating activities | \$39,164.61 |
| INVESTING ACTIVITIES | |
| Nondepreciable Capitalized Costs (deleted) | 460,602.91 |
| Accumulated Depreciation | 1,903.00 |
| Net cash provided by investing activities | \$462,505.91 |
| FINANCING ACTIVITIES | |
| Deffered Tax Liability (deleted) | -14,027.00 |
| Retained Earnings | -460,602.95 |
| Net cash provided by financing activities | \$ -474,629.95 |
| NET CASH INCREASE FOR PERIOD | \$27,040.57 |
| Cash at beginning of period | 169,485.86 |
| CASH AT END OF PERIOD | \$196,526.43 |