



2025

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ANNUAL REPORT



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April 3, 2026

**To the Members of Community Water Company of Green Valley,
(An Arizona not-for-profit corporation with members)**

On June 10, 2026, Community Water Company will mark 49 years of reliable water delivery to our community. For five decades, the utility has provided water that meets all regulated standards, supported by local governance and professional operations. That record matters. It exists because members have trusted this nonprofit to plan and act responsibly. Today, our water delivery system delivers about 2.3M gallons of water per day, produced from four wells with arsenic treatment facilities, maintains 6.6M gallons of storage capacity, and 150 miles of mains, serving about 12,900 residential and 400 commercial units, a community of about 24,000.

During 2025, we restored Well 10 to service, strengthening system reliability and adding flexibility during peak demand. We began replacing Well 6 with Well 12 after the old well experienced operational failures caused by casing issues. Replacement is critical to maintain system reliability and meet our water production requirements. A replacement warehouse was secured to replace facilities built in 1982, to help address staffing needs, and improve operational efficiency.

We have advanced our use of GPS-based digital maps, moved our billing systems to the internet, and adopted a sampling and monitoring system to reduce errors, delays, and regulatory exposure. We are proud to introduce a “water outage” feature that allows customers to look up water-related issues in their area on our website www.communitywater.com.

Much of the backbone of our water delivery system was installed during the 1960s and 1970s. While the system continues to perform well, the infrastructure of that age requires planning for replacement. Deferring that work increases the risk of service interruptions and additional long-term costs. Our goal is to act before problems become emergencies.

In July 2025, the Arizona Corporation Commission approved a rate adjustment that allows the company to recover current operating costs; the last rate adjustment was approved in September 2016. Over the next three years, the company expects to incur more than \$8 million in new debt to replace aging infrastructure. This includes completing Well 12 and beginning selective replacement of older mains. All debt and rates remain subject to review and approval by the Arizona Corporation Commission.

To fund the debt, the company plans to request approval for an emergency surcharge of approximately \$7 per month per home. The purpose of this surcharge is to recover the cost of principal and interest on new debt related to capital replacement and to meet our cash flow

needs. Delaying capital replacements increases the risk of outages and emergency repairs. This surcharge marks the first step in a broader financial reset, as the cost of maintaining a sustainable water delivery system continues to rise. As required, the company will file a full rate case within the next 24 months to substantiate the need for the surcharge and adjust for any increases in labor and operating expenses.

The water delivered to our members and customers met or exceeded all health and safety requirements set by the United States Environmental Protection Agency, the Arizona Department of Environmental Quality, and the Pima County Department of Environmental Quality. The Annual Water Quality Reports are published each July, and the current report is available on www.communitywater.com/wqr.pdf.

In 2007, Project Renewals was initiated to bring renewable water supplies to our community, ensuring a sustainable future. This project, which connects to the Central Arizona Project (CAP) at the CAP Terminus, encompasses pipelines along roads in our region and includes a long-term lease on a recharge site. Implementing Project Renewals has been a significant step towards securing our water supply without imposing costs on our members.

The People Who Serve You - We remain proud of the system we operate and the people who operate it. Like many utilities, we face ongoing challenges recruiting and retaining certified operators due to retirements, housing constraints, and a competitive labor market. We are proud of our new service technicians as they develop skills and experience in the water industry, and we recognize the need to continue investing in training and professional growth to support reliable water delivery.

We are also grateful for the independent and thoughtful guidance provided by our volunteer Board of Directors. Board members bring a variety of professional experiences to our board and give their time on behalf of the membership, setting the character and philosophy that guide our utility operation. Throughout 2025, staff and leadership stayed focused on system reliability, financial discipline, and long-term planning. This work is not always visible, but it is essential to our success.

Members are encouraged to participate in the utility's governance. Please plan to attend the Annual Meeting on April 29, 2026. We are also seeking additional board consultants to serve on committees and help guide the utility's direction. Member involvement strengthens oversight and improves decision-making.

As we approach our 50th year of service, Community Water Company remains committed to reliable water delivery, responsible planning, and local accountability. We appreciate the trust you place in this organization and take seriously the responsibility that comes with it.



Thomas E. Cooke
Chair of the Board



Arturo R. Gabaldón
President



ULLMANN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors

**To the Board of Directors and Members of
Community Water Company of Green Valley
(An Arizona nonprofit corporation with members):**

Opinion

We have audited the accompanying consolidated financial statements of Community Water Company of Green Valley, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of revenues and expenses, net assets, and cash flow for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Water Company of Green Valley as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Community Water Company of Green Valley and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter

As discussed in Note 18 to the consolidated financial statements, the 2024 financial statements have been restated to recognize updated depreciation rates prescribed by the regulatory authority. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Water Company of Green Valley's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Community Water Company of Green Valley'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Water Company of Green Valley'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Supplemental Consolidating Schedules are presented for purposes of additional analysis and are not a required part of the consolidated basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Information Included in the Company's Annual Report

Management is responsible for the other information included in the Company's annual report. The other information comprises the Letter to the Members and Officers & Directors and Board Consultants listing but it does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.


ULLMANN & COMPANY

Certified Public Accountants

Phoenix, Arizona

May 28, 2026

Consolidated Balance Sheets
December 31, 2025 and 2024
In Thousands

	2025	Restated 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 779	\$ 599
Accounts receivable, less allowance for credit losses of \$2,000 in 2025 and 2024	479	387
Materials and supplies	88	83
Prepayment	44	34
Total current assets	1,390	1,103
Noncurrent assets		
Cash and cash equivalents, designated	906	-
Securities available for sale, at market reserved for reservoir maintenance	1,068	797
Securities available for sale, at market designated other	1,507	2,470
Mark-to-market value of interest rate swap	27	86
Operating lease right-of-use asset	265	267
Investment in LLC	240	244
Deferred tax asset	10	12
Total noncurrent assets	4,023	3,876
Deferred charges		
Right-of-way use permits (ROW)	113	111
Other	126	133
Total deferred charges	239	244
Utility plant		
Plant in service, at cost	53,533	50,899
Construction work in progress	559	662
	54,092	51,561
Less accumulated depreciation	(30,685)	(29,476)
Total utility plant	23,407	22,085
Total assets	\$ 29,059	\$ 27,308

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Balance Sheets
December 31, 2025 and 2024
In Thousands

	2025	Restated 2024
Liabilities and net assets		
Current liabilities		
Accounts payable (A/P)	\$ 277	\$ 184
Current maturities on long-term debt	220	156
Line of Credit	-	400
Accrued taxes	117	110
Other accrued liabilities	284	263
Total current liabilities	898	1,113
Long-term debt, net	3,670	1,952
Deferred credits		
Refundable advances for construction	2,442	1,896
Reservoir maintenance reserves	1,068	797
Operating lease long-term liability	10	10
Mark-to-market value of interest rate swap	55	-
Total deferred credits	3,575	2,703
Contributions in-aid-of construction (CIAC), net	10,155	10,734
Total liabilities	18,298	16,502
Net assets		
Accumulated other comprehensive income (loss)	(40)	54
Appropriated accumulated surplus	2,125	1,790
Other accumulated surplus and membership	8,676	8,962
Total net assets	10,761	10,806
Total liabilities and net assets	\$ 29,059	\$ 27,308

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Statements of Revenues and Expenses
For the years ended December 31, 2025 and 2024
In Thousands

	2025	Restated 2024
Operating revenues	\$ 5,186	\$ 4,644
Operating expenses		
Operations	2,774	2,704
Maintenance	752	650
Depreciation and amortization	884	826
Taxes - other	606	566
Total operating expenses	5,016	4,746
Excess (shortfall) of operating revenues over operating expenses	170	(102)
Other revenues (expenses)		
CAP capital charges	(157)	(153)
Interest income	96	83
Interest expense	(220)	(132)
Passthrough expense investment in LLC	(5)	(5)
Other revenues, net	169	120
Total other revenues (expenses)	(117)	(87)
Income (loss) before income tax	53	(189)
Income tax benefit (expense)		
Current tax expense	(2)	(2)
Deferred tax benefit	(2)	-
Total income tax benefit (expense)	(4)	(2)
Excess (shortfall) of revenues over expenses	49	(191)
Other comprehensive income (loss), net of tax:		
Unrealized gain (loss) on securities	20	46
Unrealized gain (loss) on mark-to-market value of interest rate swaps	(114)	23
Total other comprehensive income (loss)	(94)	69
Total comprehensive income (loss)	\$ (45)	\$ (122)

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Statements of Net Assets
For the years ended December 31, 2025 and 2024
In Thousands

	Appropriated accumulated surplus	Other accumulated surplus and membership	Accumulated other comprehensive income (loss)	Total net assets
12/31/2023 Net assets as previously reported	\$ 2,729	\$ 8,115	\$ (15)	\$ 10,829
Prior period adjustment	99	-	-	99
12/31/2023 Net assets, as restated	\$ 2,828	\$ 8,115	\$ (15)	\$ 10,928
12/31/2024 Comprehensive income (loss)	(1,038)	847	69	(122)
12/31/2024 Net assets, as restated	1,790	8,962	54	10,806
12/31/2025 Comprehensive income (loss)	335	(286)	(94)	(45)
12/31/2025 Net assets	\$ 2,125	\$ 8,676	\$ (40)	\$ 10,761

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Statements of Cash Flow
For the years ended December 31, 2025 and 2024
(In Thousands)

	<u>2025</u>	<u>Restated 2024</u>
Net cash provided by operating activities		
Excess of revenues over expenses	\$ 49	\$ (191)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	884	830
Depreciation and amortization included in operations and maintenance	323	242
Other noncash income and expenses	(33)	(36)
Change included in:		
Accounts receivable	(92)	32
Materials and supplies	(5)	(13)
Deferred tax	2	1
Prepayments	(10)	(4)
Interest receivable	7	(4)
Accounts payable (net of Capital A/P)	198	(26)
Investment in LLC	4	5
Deferred charges, net	(163)	(123)
Other liabilities	28	21
Total adjustments	1,143	925
Net cash provided by operating activities	1,192	734
Cash flow used in investing activities		
Capital expenditures	(2,986)	(1,360)
Proceeds from sale of capital assets	31	7
Purchase of securities available for sale	(1,009)	(2,363)
Proceeds from maturities of securities available for sale	1,750	2,350
Investment in LLC and affiliated companies	-	(94)
Net cash used in investing activities	(2,214)	(1,460)

(Continued on the next page)

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Statements of Cash Flow
For the years ended December 31, 2025 and 2024
(In Thousands)

(Continued)

	2025	Restated 2024
	TOTAL	TOTAL
Cash flow (used for) provided by financing activities		
Proceeds from line of credit	\$ 1,600	\$ 400
Repayment of long-term debt	(198)	(146)
Proceeds from refundable advances and CIAC	639	-
Repayment of refundable advances	(12)	(15)
Proceeds from other members and affiliated	79	76
Cash flow provided by (used for) financing activities	2,108	315
Net increase (decrease) in cash and cash equivalents	\$ 1,086	\$ (411)
Cash and cash equivalents at beginning of year	599	1,010
Cash and cash equivalents at end of year	\$ 1,685	\$ 599
Noncash investing activities		
A/P purchases of utility plant	\$ 134	\$ 29
Cash and cash equivalents on balance sheet		
	2025	Restated 2024
Cash and cash equivalents	\$ 779	\$ 599
Cash and cash equivalents, designated	906	-
	\$ 1,685	\$ 599

The accompanying notes are an integral part of the consolidated financial statements



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS:

Green Valley residents incorporated Community Water Company of Green Valley (CWC) as an Arizona nonprofit membership corporation in 1975. In 1977, they acquired an existing water utility business and began operations. CWC is a regulated public service corporation that provides water to residential and commercial customers in an active adult community in Southern Arizona.

These consolidated financial statements include all entities in which CWC holds a controlling financial interest. In 2011, CWC established a wholly owned subsidiary, SICAN, Inc. (SICAN), for business investments. In 2012, CWC created a variable interest entity, Community Water Company of Green Valley ROW Trust (Trust), with CWC as the trustor and beneficiary and SICAN as the trustee. The Trust invests in activities that benefit CWC and currently manages right-of-way use permits (ROW) and leases required for Project Renewals.

Under U.S. Generally Accepted Accounting Principles (US GAAP), the economic substance of the Trust arrangement gives CWC a controlling financial interest in Trust. As a result, CWC is required to consolidate the Trust's financial results into its financial statements.

The accompanying consolidated financial statements present the combined financial position and activities of CWC, SICAN, and Trust (collectively, CWC Consolidated). All significant intercompany accounts and transactions have been eliminated in consolidation.

Maintenance of Accounting Records - CWC, SICAN, and Trust prepare their audited financial statements using the accrual basis of accounting, recognizing revenue when earned and expenses when incurred. CWC maintains its accounting records in accordance with the *Uniform System of Accounts* prescribed for Class A water utilities by the *National Association of Regulatory Utility Commissioners* (NARUC), which is the *U.S. Generally Accepted Accounting Principles* (US GAAP) applicable to the water utility industry. SICAN and Trust maintain their internal accounting records on a cash basis.

Cash and Cash Equivalents - For purposes of reporting cash flows, CWC Consolidated considers cash on deposit in banks and highly liquid investments with an original maturity of three months or less as cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES:

Securities Available for Sale - CWC Consolidated accounts for investment securities in accordance with *FASB ASC 320-10-45*. Investments are classified as either held-to-maturity or available-for-sale. CWC Consolidated has classified all investments as available-for-sale, which include mortgage-backed securities and certificates of deposit. These securities are recorded at fair value, with unrealized gains and losses reported as a separate component of Net Assets. Gains and losses on sales of securities are recognized using the specific identification method.

Accounts Receivable - CWC Consolidated's accounts receivable primarily consist of balances due from regulated utility customers, which are billed on a monthly cycle. Credit is extended based on regulatory guidelines, and collateral is generally not required. The beginning balance in accounts receivable at December, 31, 2023, was \$419,000.

Allowance for Credit Losses - CWC maintains an allowance for credit losses to cover estimated probable losses from uncollectible customer receivables. Accounts past due beyond their payment terms are assessed for collectability, and the allowance is adjusted accordingly. For 2025 and 2024, the allowance was \$2,000. CWC writes off balances when deemed uncollectible. SICAN and Trust did not have an allowance for credit losses in 2025 and 2024.

Materials and Supplies Inventory - CWC reports inventory at the lower of cost or net realizable value, with cost determined using the weighted average method.

Utility Plant - CWC reports its utility plant at original cost, including contract costs, labor, materials, and indirect cost allowances. Maintenance, repairs, and minor renewals are expensed in the year incurred. Depreciation and amortization expenses are calculated on a straight-line basis using the following annual rates based on the estimated useful lives of the assets. The depreciation rates and utility plant balances presented below reflect the revised depreciation rates and related prior period adjustments described in **Note 18**.

	Depreciation Rate (in Percent)	Balance At December 31, 2025 (In Thousands)	Balance At December 31, 2024 (In Thousands)
Utility Plant	2.00 to 10.00	\$ 50,860	\$ 48,505
Computer Equipment	20.00	1,395	1,308
Backhoe	5.00	288	288
Vehicles	14.29	590	627
Land	N/A	400	171
Total		\$ 53,533	\$ 50,899

Deferred Charges -Right-of-Way Use Permits (ROWS) - CWC reviews ROWs for impairment when there are signs that their value may not be recoverable. If the expected undiscounted future cash flows are less than the asset's carrying value, an impairment loss is recorded, reducing the asset to its estimated fair value.

Trust records ROWs at fair value upon acquisition and amortizes them on a straight-line basis over their useful life. ROWs are reported at cost, net of accumulated amortization.

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

Refundable Advances and Contributions in-aid-of Construction (CIAC) - Property owners fund specific utility plant expansions through advances or contributions to CWC. Advances are repaid through refunds based on a percentage of annual water revenue from the expansion, continuing until fully repaid or the repayment term expires. Contributions are not reimbursed. If an advance remains unpaid after the term expires, it is reclassified as CIAC and amortized using the annual plant composite rate in effect during the year, as approved by the Arizona Corporation Commission (ACC). The rate used for 2025 and 2024 was 2.96% and 3.0698%, respectively; the 2024 rate was restated from the previously reported rate of 3.92% as discussed in Note 18.

Refundable advances are non-interest-bearing. As of December 31, 2025 and 2024, most contracts specify a 10% repayment rate over 10 years. With CWC nearing full development, future access to these low-cost developer funds will be limited.

Accumulated Surplus - Accumulated Surplus consists of member revenues from water service and nonmember revenues, minus current and prior period expenses. CWC allocates accumulated appropriated surplus to members based on their business activity with CWC.

Revenue Recognition - CWC generates most of its operating revenue through water delivery charges for residential and commercial customers in the Green Valley Sahuarita area, at rates set by the ACC. All revenues are recognized at a point in time. Revenue is recognized when water is delivered.

- Customers are billed monthly, with payments due within 30 days.
- Unbilled revenue at the end of a period is estimated based on daily meter readings.
- Sales taxes and convenience fees are recognized at billing.
- Other fees (e.g., service establishment charges, late fees) are recognized when the service is provided.
- Wastewater data fees are recognized when the information is prepared.
- Project Renewals-related funds are recognized as nonoperating revenue upon receipt.
- Income from asset rehabilitation is recognized when repair costs are incurred.

Comprehensive Income - Other comprehensive income includes net unrealized gains and losses on available-for-sale securities and the recognition of interest rate swap values.

Income Taxes - CWC is a 501(c)(12) nonprofit under the *Internal Revenue Code (IRC) Section 501(a)* and is exempt from income taxes.

SICAN and Trust are taxable entities. Income taxes include current taxes due and deferred taxes from differences in asset and liability values between financial and tax reporting. Deferred taxes reflect future taxable or deductible amounts upon asset or liability settlement.

Use of Estimates - Financial statements prepared under US GAAP require management estimates and assumptions, affecting contingencies and reported disclosure of assets, liabilities, revenues, and expenses. Actual results may differ from estimates.

Concentration of Credit Risk - CWC Consolidated's financial instruments subject to credit risk include temporary cash investments and cash equivalents. These funds are held at insured financial institutions, minimizing exposure to any single institution.

Credit risk for cash equivalents is further reduced through diversified investments. However, at times, bank balances may exceed FDIC insurance limits, as was the case on December 31, 2025.

Leases - A contract is identified as a lease at inception if CWC Consolidated has the right to control the use of an identified asset for a period in exchange for consideration. The Company has retained historical lease classifications as permitted under the standard.

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

Operating lease right-of-use (“ROU”) assets and corresponding lease liabilities are recognized on the balance sheet at the lease commencement date, based on the present value of future lease payments over the lease term. ROU assets represent the right to use the underlying assets, and lease liabilities represent the obligation to make lease payments.

The discount rate used is the rate implicit in the lease when readily determinable; otherwise, an appropriate risk-free rate is used. Lease terms may include options to extend or terminate when it is reasonably certain those options will be exercised.

CWC Consolidated has elected to apply the short-term lease exception for leases with a term of 12 months or less, recognizing lease expense on a straight-line basis over the lease term without recording ROU assets or lease liabilities.

See **Note 7** for details on the **operating lease**.

3. LIQUIDITY AND AVAILABILITY:

Financial assets available for general use within one year of December 31, 2025 and 2024, excluding those with external restrictions, are as follows:

<u>(In Thousands)</u>	<u>12/31/2025</u>	<u>12/31/2024</u>
Financial assets		
Cash and cash equivalents	\$ 779	\$ 599
Cash and cash equivalents, designated	906	-
Securities available for sale, at market reserved for reservoir maintenance	1,068	797
Securities available for sale, at market designated other	1,507	2,470
Accounts receivable	479	387
Total financial assets	4,739	4,253
Less reserved or designated funds		
Reserved for maintenance (see Note 4)	(1,068)	(797)
Designated for other purposes (see Note 4)	(2,413)	(2,470)
Amounts available for general expenditures within one year	\$ 1,258	\$ 986

The table excludes board-designated funds, which are reserved for CWC’s long-term support. However, if necessary, these funds could be reallocated for general use.

4. RESERVED AND DESIGNATED FUNDS:

CWC accrues reservoir maintenance expenses for recoating reservoirs and forebays as a liability on the balance sheet. As of December 31, 2025 and 2024, the accrued reserves totaled \$1,067,900 and \$796,700, respectively.

Additionally, CWC has designated an appropriated accumulated surplus along with related cash and investment funds for state land leases and plant replacements. These amounts are reported on the balance sheet under cash and cash equivalents (designated) and securities available for sale (market-designated other).

5. SECURITIES AVAILABLE FOR SALE, AT MARKET:

CWC Consolidated owns Certificates of Deposit (CDs), Mutual Funds, and Mortgage-backed securities (MBS). The carrying amounts of these investment securities available for sale are as follows:

At December 31, 2025			
(In Thousands)			
	Cost	Unrealized Gains (Losses)	Fair Value
<u>Held By CWC:</u>			
MBS, U.S.	\$ 33	\$ (6)	\$ 27
CDs with maturities:			
within one year	1,003	0	1,003
1-5 years	<u>1,258</u>	<u>0</u>	<u>1,258</u>
Total Held By CWC	2,294	(6)	2,288
<u>Held By Trust</u>			
CDs with maturities:			
> 5 years	40	(7)	33
Mutual Funds	<u>157</u>	<u>97</u>	<u>254</u>
Total Held By Trust	197	90	287
Total	\$ 2,491	\$ 84	\$ 2,575

At December 31, 2024			
(In Thousands)			
	Cost	Unrealized Gains (Losses)	Fair Value
<u>Held By CWC:</u>			
MBS, U.S.	\$ 33	\$ (7)	\$ 26
CDs with maturities:			
within one year	1,404	(6)	1,398
1-5 years	<u>1,507</u>	<u>(12)</u>	<u>1,495</u>
Total Held By CWC	2,944	(25)	2,919
<u>Held By Trust</u>			
CDs with maturities:			
> 5 years	140	(8)	132
Mutual Funds	<u>154</u>	<u>62</u>	<u>216</u>
Total Held By Trust	294	54	348
Total	\$ 3,238	\$ 29	\$ 3,267

Since issuers may have the right to call or prepay obligations with or without penalties, actual maturities may differ from contractual maturities. These investments are reported as current and noncurrent securities available for sale on the balance sheets.

In 2025 and 2024, CWC Consolidated held over \$2 million in brokered CDs and \$253,000 in CDs purchased directly from a local bank. All CDs are classified as securities available for sale in both years.

6. MARK-TO-MARKET VALUE OF INTEREST RATE SWAPS:

2014 Interest Rate Swap: On November 14, 2014, CWC entered into an interest rate swap agreement with PNC Bank (the “2014 Swap”), designated as a hedge against interest rate fluctuations on \$3,234,208 of debt. Under this agreement, CWC pays PNC a fixed 2.98% interest rate, and PNC pays CWC a variable rate. Following the phase-out of LIBOR, the floating-rate component of the swap was amended under the ISDA 2020 Protocol and related PNC agreements. The floating-rate component now references SOFR plus a fixed spread. The 2014 swap effectively converts CWC’s variable-rate debt to a fixed-rate borrowing cost of 5.68% through maturity on November 14, 2029.

2025 Interest Rate Swap: On March 27, 2025, CWC entered into a separate interest rate swap agreement with PNC Bank, designated as a hedge against interest rate fluctuations on \$2,000,000 of long-term debt. Under this agreement, CWC pays PNC a fixed rate of 6.124% on an initial notional amount of \$2,000,000, which amortizes over the term of the agreement. PNC pays CWC a variable rate based on USD-SOFR plus 2.00%, as defined in the swap agreement. The 2025 swap became effective on March 27, 2025 and matures on November 14, 2029. Amounts due under the swap are generally settled on a net basis.

Unrealized gains and losses from the swap agreements are reported as other comprehensive income. For the years ended December 31, 2025 and 2024, CWC recognized unrealized loss of approximately \$114,000 in 2025 and unrealized gain of approximately \$23,000 in 2024.

At December 31, 2025, the cumulative mark-to-market value of the swap agreements consisted of a cumulative gain of \$27,511 on the 2014 swap and a cumulative loss of \$55,221 on the 2025 swap. At December 31, 2024, the cumulative gain related to the 2014 swap was \$86,347. The cumulative gain or loss is reported in the accompanying balance sheets as a noncurrent asset or deferred credit, as applicable. After year-end, but prior to the issuance of these financial statements, the Company settled the swap agreements in connection with the refinancing of the related debt. See **Note 19**.

7. OPERATING LEASE RIGHT-OF-USE ASSET:

The Trust leases a piece of land from the Arizona State Land Department as part of a 99-year ground lease at a cost of \$302,554, of which \$275,318 was paid in cash upon inception. The remaining nineteen payments are \$1,433 every five years for the remaining 99 years, starting in 2023. The lease matures in December 2117.

The following summarizes the line items in the balance sheet, which include amounts for operating leases:

	Balance at December 31, 2025 (in Thousands)	Balance at December 31, 2024 (in Thousands)
Operating Lease Right-of-use Asset	\$265	\$267
Current Operating Lease Liability	0	0
Long-Term Portion of Operating Lease Liability	10	10
Total Operating Lease Liability	\$ 10	\$ 10

The Trust made no lease payments in 2024 and 2025. The discount rate used to calculate the lease’s right-of-use asset was 2.62% (based on the risk-free rate at lease inception).

7. OPERATING LEASE RIGHT-OF-USE ASSET (CONTINUED):

The maturities of the operating lease liability under the lease agreement are as follows:

	At December 31 (In Thousands)
2026	\$ 0
2027	0
2028	1
2029	0
2030	0
Thereafter	25
Total	\$ 26
Present Value Adjust.	(16)
Operating Lease Liability	\$ 10

8. INVESTMENT IN LLC AND AFFILIATED COMPANIES:

SICAN has an investment in JPAR, LLC (LLC), a development company that is recognized at book value. Most of this investment is funded by the other LLC member. The following data reflects the book value related to SICAN's investment in LLC. SICAN's cumulative interest in LLC's book value is as follows:

SICAN's Cumulative Interest in LLC	Balance at December 31, 2025 (In Thousands)	Balance at December 31, 2024 (In Thousands)
SICAN Capital Contribution in LLC	\$ 434	\$ 434
Cumulative Share of Net Loss	(194)	(190)
Book Value	\$ 240	\$ 244

Net losses are expected as the LLC is still in its construction and planning phases, with continued losses until construction is completed. LLC's financial results can be summarized as follows:

LLC Financial Summary	Balance at December 31, 2025 (In Thousands)	Balance at December 31, 2024 (In Thousands)
Total Assets	\$ 14,261	\$ 12,571
Total Liabilities	128	50
Total Equity	\$ 14,133	\$ 12,521
Revenues	\$ 3	\$ 0
Expenses	181	180
Net Loss	\$ (178)	\$ (180)

SICAN's share of net loss is calculated based on weighted average capital accounts during the year. For the years ended December 31, 2025 and 2024, SICAN's allocated loss was approximately 2.66% for both years, resulting in an estimated \$5,000 net loss per year.

As of December 31, 2025, SICAN owns less than 20% of LLC's profit and loss percentages. However, because SICAN is the managing member and has significant influence over LLC's operations, CWC applies the equity method when consolidating this investment in its financial statements.

9. DEFERRED CHARGES:

Trust's ROWs consist of the following:

	Balance at December 31, 2025 (In Thousands)	Balance at December 31, 2024 (In Thousands)
ROW	\$ 144	\$ 135
Less: accumulated amortization	(31)	(24)
Net ROW in service	\$ 113	\$ 111

ROWs were funded through nonmember, nonutility income. Amortization expenses totaled \$6,695 and \$4,139 for 2025 and 2024, respectively. As of December 31, 2025 and 2024, the Trust held \$143,810 and \$134,923 in ROW permits, respectively.

The estimated ROW amortization expense for 2026 is around \$6,900.

Other deferred charges include stored water credits with the Arizona Department of Water Resources, rate case expenses, water system plan expenses, and leases.

10. LINE OF CREDIT

On March 30, 2024, CWC extended a line of credit with PNC Bank through March 2025. During 2024, CWC drew \$400,000 on the \$800,000 short-term revolving line of credit to finance various utility assets at a variable rate equal to the higher of (i) the Prime Rate or (ii) the Overnight Bank Funding Rate plus 200 basis points. On March 27, 2025, the outstanding line of credit balance was paid off using proceeds from the \$2,000,000 PNC term note and the line of credit was closed. There was no outstanding balance or available borrowing capacity under this line of credit at December 31, 2025.

11. LONG-TERM DEBT (LTD):

At December 31, 2025, CWC had two long-term debt instruments with PNC Bank. The first note was approved by the Arizona Corporation Commission on November 5, 2014, in the original amount of \$3,320,000. The second note was approved by the Arizona Corporation Commission on December 17, 2024, and was issued on March 27, 2025, in the original amount of \$2,000,000. Proceeds from the 2025 note were used to repay the \$400,000 balance outstanding on CWC's short-term line of credit and to finance the rehabilitation and replacement of various utility assets. See **Note 10**.

Both notes mature on November 14, 2029, at which time any remaining unpaid principal balances will be due in full.

The scheduled principal maturities of long-term debt as of December 31, 2025, based on the terms in effect at year-end, are as follows:

	At Year-End December 31, 2025 (In Thousands)
2026	\$ 220
2027	233
2028	247
2029	<u>3,210</u>
Total long-term debt	3,910
Unamortized debt issuance cost	<u>(20)</u>
Long-Term Debt less unamortized Issuance cost	<u>3,890</u>
Less: Current portion	<u>(220)</u>
Long-term debt, less current portion	<u><u>\$ 3,670</u></u>

PNC holds a senior lien on CWC's utility plant and utility revenues. CWC's debt agreements include financial covenants requiring CWC to maintain a minimum debt service ratio of 1.2 at year-end. As of December 31, 2025 and 2024, CWC's debt service ratios were 3.32 and 3.53, respectively.

The notes bear interest at variable rates based on SOFR plus applicable spreads, as defined in the respective loan agreements. CWC has entered into interest rate swap agreements with PNC that effectively fix the interest rates on the related debt instruments. See Note 6 for additional information regarding CWC's interest rate swap agreements.

As of December 31, 2025 and 2024, outstanding long-term debt totaled \$3,909,761 and \$2,108,161, respectively. These amounts exclude unamortized debt issuance costs, which are presented as a direct deduction from long-term debt in the Consolidated Balance Sheets.

As discussed in **Note 19**, CWC refinanced the PNC notes with CoBank subsequent to year-end. Accordingly, the maturities shown above reflect the contractual terms in effect at December 31, 2025, before giving effect to the subsequent refinancing.

12. INCOME TAX:

As a 501(c)(12), income tax did not apply to CWC for 2025 and 2024. SICAN and Trust incurred the following income tax for 2025 and 2024, rounded to the nearest thousands:

(IN THOUSANDS)	Year Ended December 31, 2025		
	SICAN	Trust	Total
Current			
Federal	\$ 0	\$ (2)	\$ (2)
State	0	0	0
Total current tax (expense)	\$ (0)	\$ (2)	\$ (2)
Deferred			
Federal	\$ 0	\$ (2)	\$ (2)
State	0	0	0
Total deferred tax benefit (expense)	0	(2)	(2)
Income tax benefit (expense)	\$ (0)	\$ (4)	\$ (4)

(IN THOUSANDS)	Year Ended December 31, 2024		
	SICAN	Trust	Total
Current			
Federal	\$ (0)	\$ (2)	\$ (2)
State	0	0	0
Total current tax (expense)	\$ (0)	\$ (2)	\$ (2)
Deferred			
Federal	\$ 0	\$ 0	\$ 0
State	0	0	0
Total deferred tax benefit (expense)	0	0	0
Income tax benefit (expense)	\$ (0)	\$ (2)	\$ (2)

Deferred taxes are recognized for temporary differences between the bases of assets and liabilities for financial statements and income tax purposes. The differences relate primarily to accrual-to-cash differences and the amortization lives of intangible assets, and a passive loss carryforward of \$194,626 with no expiration by the Trust.

For SICAN, a valuation allowance of \$50,241 is not recognized as a deferred tax asset at December 31, 2025 since the future benefits from accrual to cash differences from the Investment in LLC are not expected to be realized due to expected changes in profit and loss allocations in future years. The valuation increased by \$1,246 during the year ended December 31, 2025.

The components of the Net deferred tax asset (liability) at December 31, 2025 and December 31, 2024 are as follows:

(IN THOUSANDS)	At December 31, 2025		
	SICAN	Trust	Total
Deferred tax asset			
Current	\$ 0	\$ 10	\$ 10
Net deferred tax asset	\$ 0	\$ 10	\$ 10

(IN THOUSANDS)	At December 31, 2024		
	SICAN	Trust	Total
Deferred tax asset			
Current	\$ 0	\$ 12	\$ 12
Net deferred tax asset	\$ 0	\$ 12	\$ 12

13. CAP CAPITAL CHARGES:

CWC holds a subcontract for 2,858 acre-feet of annual CAP water allocations managed by the Central Arizona Water Conservation District (CAWCD) on behalf of the Bureau of Reclamation. Total CAP Capital Charges are to be billed to subcontract holders between 1993 and 2046. CAWCD has recognized and billed capital charges since its inception at about \$771M at December 31, 2025. CWC's proportionate share of all CAP allocations is .4%, and CWC has paid \$3.1M at December 31, 2025.

14. SUPPLEMENTAL CASH FLOW INFORMATION:

CWC engaged in the following transactions:

	For the Year 2025 (In Thousands)	For the Year 2024 (In Thousands)
CWC Expired Refundable Advances for Construction	\$ 5	\$ 350
CWC Interest Paid	\$ 216	\$ 126

15. RETIREMENT PLANS:

CWC has defined contribution retirement plans that substantially cover all employees working over 1000 hours yearly. Under the provisions of these plans, during 2025 and 2024, CWC contributed between 10% and 19% of qualified employees' salaries and wages to the retirement plans for investment by the plan trustees.

Qualified employees become fully vested in the employer's contributions after five years of eligible service, as defined in the plans. CWC recorded expenses for these contributions of \$211,421 and \$217,086 for the years ended December 31, 2025 and 2024, respectively.

Qualified employees can contribute to the plan under the terms of the 401(k) Profit Sharing Plan.

16. FAIR VALUE MEASUREMENTS:

FASB ASC 820, Fair Value Measurements and Disclosures (ASC 820) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CWC Consolidated has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

The level 2 input must be observable for substantially the full term of the asset or liability if the asset or liability has a specified (contractual) term.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

16. FAIR VALUE MEASUREMENTS (continued):

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024.

Securities Available for Sale – Certificates of Deposits (CDs): The fair values of available-for-sale Certificates of Deposits are based on quoted market prices for those or similar investments.

Securities Available for Sale – Mortgage-Backed Securities (MBS): The fair values of available-for-sale securities are based on quoted market prices for those or similar investments.

Mutual Funds: The fair values of available-for-sale Certificates of Deposits are based on quoted market prices for those or similar investments.

Mark-to-Market Value of Interest Rate Swap: The fair value of the interest rate swaps is based on the present value of projected future cash flows using observable market inputs, including forward-looking Secured Overnight Financing Rate (SOFR) curves and applicable spread adjustments consistent with the amended swap agreements.

The above methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, although CWC Consolidated believes its valuation methods are appropriate and consistent with other market participants, using different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. SICAN had no assets measured at fair value in 2025 and 2024.

The following table sets forth by level, within the fair value hierarchy, CWC Consolidated's assets and liabilities at fair value:

Level 1	Balance at December 31, 2025 (In Thousands)	Balance at December 31, 2024 (In Thousands)
Securities available for sale		
Certificates of deposit	\$ 2,294	\$ 3,025
MBS	27	26
Mutual Funds	254	216
Total	\$ 2,575	\$ 3,267
Level 2	Balance at December 31, 2025 (In Thousands)	Balance at December 31, 2024 (In Thousands)
Assets – Mark-to-market value of interest rate swap	\$ 27	\$ 86
Liabilities – Mark-to-market value of interest rate swap	\$ 55	\$ 0

17. SALES TAXES:

Some transactions require CWC to collect sales tax from our customers. These taxes, which totaled \$340,949 and \$303,786 in 2025 and 2024, respectively, are included in operating revenues.

18. PRIOR PERIOD ADJUSTMENT:

On July 22, 2025, the Arizona Corporation Commission approved updated depreciation rates for CWC in Decision No. 214921. CWC recorded prior period adjustments to accumulated depreciation and accumulated amortization of contributions in aid of construction to conform its accounting records to the related regulatory records. The cumulative effect of the correction as of December 31, 2023 was an increase to appropriated accumulated surplus of approximately \$99,000, resulting from a reduction to accumulated depreciation.

The 2024 financial statements have been restated to reflect these adjustments, as follows:

(In Thousands)	Previously Reported	Adjustment	Restated Amount
Accumulated Depreciation	\$ (29,528)	\$ 52	\$ (29,476)
Total Assets	27,256	52	27,308
Contribution in-aid-of Construction (CIAC)	10,544	190	10,734
Total Liabilities	16,312	190	16,502
Total Net Assets	10,944	(138)	10,806
Depreciation and Amortization	589	237	826
Excess (shortfall) Revenues over Expenses	\$ 46	\$ (237)	(191)

The \$52,000 adjustment to accumulated depreciation at December 31, 2024 reflects the remaining cumulative effect of the \$99,000 beginning balance adjustment, partially offset by additional depreciation expense recognized during 2024 under the revised depreciation rates.

19. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through May 28, 2026, the date on which the financial statements were available to be issued.

On April 24, 2026, the Company terminated its two outstanding interest rate swap agreements with PNC Bank, National Association. The swap agreements were associated with debt instruments that were refinanced on April 30, 2026, and had been used to manage the Company's exposure to variable interest rates.

In connection with the terminations, one swap had a termination value of \$32,200 payable to the Company, and the other had a termination value of \$41,800 payable to PNC, resulting in a net termination payment of \$9,600 due to PNC. The Company paid the net termination amount on April 28, 2026. Upon settlement, the swap agreements were fully terminated, and no further amounts were due between the parties related to those agreements.

On April 30, 2026, the Company entered into a credit agreement and single advance term promissory note with CoBank, ACB for borrowings of up to \$4,000,000. Proceeds of \$3,846,984.50 were used to refinance the Company's outstanding indebtedness with PNC Bank, National Association. The CoBank note is payable in 240 monthly installments beginning May 20, 2026, with the final installment due April 20, 2046. Interest is payable monthly at a fixed rate of 6.13%. The note is secured by a lien on the Company's revenues and requires the Company to establish and maintain a debt service reserve account of \$180,000.

There were no other subsequent events that required adjustment to the financial statements or additional disclosure.

Supplemental Consolidating Schedules

Supplemental Consolidating Schedule

Balance Sheets

December 31, 2025 and 2024

In Thousands

	2025				Restated 2024			
	CWC	SICAN	ROW Trust	Total	CWC	SICAN	ROW Trust	Total
Assets								
Current assets								
Cash and cash equivalents	\$ 418	\$ 3	\$ 358	\$ -	392	4	203	\$ -
Accounts receivable, less allowance for credit losses of \$2,000 in 2025 and 2024	479	-	-	-	387	-	-	-
Materials and supplies	88	-	-	-	83	-	-	-
Prepayment	44	-	-	-	34	-	-	-
Total current assets	1,029	3	358	-	896	4	203	-
Noncurrent assets								
Cash and cash equivalents, designated	906	-	-	-	-	-	-	-
Securities available for sale, at market reserved for reservoir maintenance	1,068	-	-	-	797	-	-	-
Securities available for sale, at market designated other	1,220	-	287	-	2,122	-	348	-
Mark-to-market value of interest rate swap	27	-	-	-	86	-	-	-
Operating lease right-of-use asset	-	-	265	-	-	-	267	-
Investment in LLC	-	240	-	-	-	244	-	-
Deferred tax asset	-	-	10	-	-	-	12	-
Investment in Subsidiaries	1,456	-	-	(1,456)	1,377	-	-	(1,377)
Total noncurrent assets	4,677	240	562	(1,456)	4,382	244	627	(1,377)
Deferred charges								
Right-of-way use permits (ROW)	-	-	113	-	-	-	111	-
Other	126	-	-	-	133	-	-	-
Total deferred charges	126	-	113	-	133	-	111	-
Utility plant								
Plant in service, at cost	53,533	-	-	-	50,899	-	-	-
Construction work in progress	559	-	-	-	662	-	-	-
Less accumulated depreciation	54,092	-	-	-	51,561	-	-	-
Total utility plant	(30,685)	-	-	(30,685)	(29,476)	-	-	(29,476)
Total assets	23,407	-	-	-	22,085	-	-	22,085
	\$ 29,239	\$ 243	\$ 1,033	\$ (1,456)	\$ 27,496	\$ 248	\$ 941	\$ (1,377)
								\$ 27,308

Supplemental Consolidating Schedule

Balance Sheets

December 31, 2025 and 2024

In Thousands

	2025				Restated 2024			
	CWC	SICAN	ROW Trust	Total	CWC	SICAN	ROW Trust	Total
Liabilities and net assets								
Current liabilities								
Accounts payable (A/P)	277	-	-	\$ 277	\$ 184	-	-	\$ 184
Current maturities on long-term debt	220	-	-	220	156	-	-	156
Line of Credit	-	-	-	-	400	-	-	400
Accrued taxes	117	-	-	117	109	-	1	110
Other accrued liabilities	284	-	-	284	263	-	-	263
Total current liabilities	898	-	-	898	1,112	-	1	1,113
Long-term debt, net	3,670	-	-	3,670	1,952	-	-	1,952
Deferred credits								
Refundable advances for construction	2,442	-	-	2,442	1,896	-	-	1,896
Reservoir maintenance reserves	1,068	-	-	1,068	797	-	-	797
Operating lease long-term liability	-	-	10	10	-	-	10	10
Mark-to-market value of interest rate swap	55	-	-	55	-	-	-	-
Total deferred credits	3,565	-	10	3,575	2,693	-	10	2,703
Contributions in-aid-of construction (CIAC), net	10,155	-	-	10,155	10,734	-	-	10,734
Total liabilities	18,288	-	10	18,298	16,491	-	11	16,502
Net assets								
Accumulated other comprehensive income (loss)	(34)	-	(6)	(40)	60	-	(6)	54
Appropriated accumulated surplus	2,125	-	-	2,125	1,790	-	-	1,790
Other accumulated surplus and membership	8,860	243	1,029	8,676	9,155	248	936	8,962
Total net assets	10,951	243	1,023	10,761	11,005	248	930	10,806
Total liabilities and net assets	\$ 29,239	\$ 243	\$ 1,033	\$ 29,059	\$ 27,496	\$ 248	\$ 941	\$ 27,308

**Supplemental Consolidating Schedule
Of Revenues and Expenses
December 31, 2025 and 2024
In Thousands**

IN THOUSANDS	2025				Restated 2024					
	CWC	SICAN	ROW Trust	Consolidating Adjustment	TOTAL	CWC	SICAN	ROW Trust	Consolidating Adjustment	TOTAL
Operating revenues	\$ 5,177	\$ 6	\$ 6	\$ (3)	\$ 5,186	\$ 4,636	\$ 7	\$ 5	\$ (4)	\$ 4,644
Operating expenses										
Operations	2,745	6	26	(3)	2,774	2,671	7	30	(4)	2,704
Maintenance	752	-	-	-	752	650	-	-	-	650
Depreciation and amortization	877	-	7	-	884	826	-	-	-	826
Taxes - other	606	-	-	-	606	566	-	-	-	566
Total operating expenses	4,980	6	33	(3)	5,016	4,713	7	30	(4)	4,746
Excess (shortfall) of operating revenues over operating expenses	197	-	(27)	-	170	(77)	-	(25)	-	(102)
Other revenues (expenses)										
CAP capital charges	(157)	-	-	-	(157)	(153)	-	-	-	(153)
Interest income	88	-	8	-	96	100	-	7	(24)	83
Interest expense	(220)	-	-	-	(220)	(132)	-	-	-	(132)
Passthrough expense investment in LLC	-	(5)	-	-	(5)	-	(5)	-	-	(5)
Other revenues, net	132	-	37	-	169	79	-	41	-	120
Total other revenues (expenses)	(157)	(5)	45	-	(117)	(106)	(5)	48	(24)	(87)
Income (loss) before income tax	40	(5)	18	-	53	(183)	(5)	23	(24)	(189)
Income tax benefit (expense)										
Current tax expense	-	-	(2)	-	(2)	-	-	(2)	-	(2)
Deferred tax benefit	-	-	(2)	-	(2)	-	-	-	-	-
Total income tax benefit (expense)	-	-	(4)	-	(4)	-	-	(2)	-	(2)
Excess (shortfall) of revenues over expenses	40	(5)	14	-	49	(183)	(5)	21	(24)	(191)
Other comprehensive income (loss), net of tax:										
Unrealized gain (loss) on securities	20	-	-	-	20	43	-	3	-	46
Unrealized gain (loss) on mark-to-market value of interest rate swaps	(114)	-	-	-	(114)	23	-	-	-	23
Total other comprehensive income (loss)	(94)	-	-	-	(94)	66	-	3	-	69
Total comprehensive income (loss)	(54)	(5)	14	-	(45)	(117)	(5)	24	(24)	(122)

Supplemental Consolidating Schedules
Cash Flow
For the years ended December 31, 2025 and 2024
In Thousands

	2025					Restated 2024				
	CWC	SICAN	ROW Trust	Consolidating Adjustment	TOTAL	CWC	SICAN	ROW Trust	Consolidating Adjustment	TOTAL
Net cash provided by operating activities										
Excess of revenues over expenses	\$ 40	\$ (5)	\$ 14	\$ -	\$ 49	\$ (183)	\$ (5)	\$ 21	\$ (24)	\$ (191)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:										
Depreciation and amortization	877	-	7	-	884	826	-	4	-	830
Depreciation and amortization included in operations and maintenance	323	-	-	-	323	242	-	-	-	242
Other noncash income and expenses	-	-	(33)	-	(33)	-	-	(36)	-	(36)
Change included in:										
Accounts receivable	(92)	-	-	-	(92)	32	-	-	-	32
Materials and supplies	(5)	-	-	-	(5)	(13)	-	-	-	(13)
Deferred tax	-	-	2	-	2	1	-	-	-	1
Prepayments	(10)	-	-	-	(10)	(4)	-	-	-	(4)
Interest receivable	7	-	-	-	7	(4)	-	-	-	(4)
Accounts payable (net of Capital A/P)	198	-	-	-	198	(26)	-	-	-	(26)
Investment in LLC	-	4	-	-	4	-	5	-	-	5
Deferred charges, net	(163)	-	-	-	(163)	(123)	-	-	-	(123)
Other liabilities	30	-	(2)	-	28	20	-	1	-	21
Total adjustments	1,165	4	(26)	0	1,143	927	5	(31)	24	925
Net cash provided by operating activities	1,205	(1)	(12)	-	1,192	744	-	(10)	-	734
Cash flow used in investing activities										
Capital expenditures	(2,977)	-	(9)	-	(2,986)	(1,319)	-	(41)	-	(1,360)
Proceeds from sale of capital assets	31	-	-	-	31	7	-	-	-	7
Purchase of securities available for sale	(1,006)	-	(3)	-	(1,009)	(2,261)	-	(102)	-	(2,363)
Proceeds from maturities of securities available for sale	1,650	-	100	-	1,750	2,350	-	-	-	2,350
Investment in LLC and affiliated companies	(79)	-	-	79	-	(194)	(94)	(94)	288	(94)
Net cash used in investing activities	(2,381)	-	88	79	(2,214)	(1,417)	(94)	(237)	288	(1,460)
Cash flow (used for) provided by financing activities										
Proceeds from line of credit	\$ 1,600	\$ -	\$ -	\$ -	\$ 1,600	\$ 400	\$ -	\$ -	\$ -	\$ 400
Repayment of long-term debt	(198)	-	-	-	(198)	(146)	-	-	-	(146)
Proceeds from refundable advances and CIAC	639	-	-	-	639	-	-	-	-	-
Repayment of refundable advances	(12)	-	-	-	(12)	(15)	-	-	-	(15)
Proceeds from other members and affiliated	79	-	79	(79)	79	194	70	100	(288)	76
Cash flow provided by (used for) financing activities	2,108	-	79	(79)	2,108	433	70	100	(288)	315
Net increase (decrease) in cash and cash equivalents	\$ 932	\$ (1)	\$ 155	\$ -	\$ 1,086	\$ (240)	\$ (24)	\$ (147)	\$ -	\$ (411)
Cash and cash equivalents at beginning of year	392	4	203	-	599	632	28	350	-	1,010
Cash and cash equivalents at end of year	\$ 1,324	\$ 3	\$ 358	\$ -	\$ 1,685	\$ 392	\$ 4	\$ 203	\$ -	\$ 599
Noncash investing activities										
A/P purchases of utility plant				\$	134				\$	29

Cash and cash equivalents on balance sheet

	2025					Restated 2024				
Cash and cash equivalents	\$ 418	\$ 3	\$ 358	\$ -	\$ 779	\$ 392	\$ 4	\$ 203	\$ -	\$ 599
Cash and cash equivalents, designated	\$ 906	\$ -	\$ -	\$ -	\$ 906	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 1,324	\$ 3	\$ 358	\$ -	\$ 1,685	\$ 392	\$ 4	\$ 203	\$ -	\$ 599

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OUR MISSION

is to reliably deliver drinking water to our customers that meets all regulated standards, and to maintain a current and future water supply for our customers.



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