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**PECAN GROVE VOLUNTEER FIRE DEPARTMENT**  
*(A NON-PROFIT ORGANIZATION)*

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REPORT ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025

**BREEDLOVE & CO., P.C.**  
*CERTIFIED PUBLIC ACCOUNTANTS*



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# BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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JILL A. HENZE, CPA  
President

NICOLE BREEDLOVE HUNT, CPA  
CEO

## INDEPENDENT AUDITORS' REPORT

March 12, 2026

Board of Directors  
Pecan Grove Volunteer Fire Department  
Fort Bend County, Texas

We have audited the accompanying financial statements of Pecan Grove Volunteer Fire Department (a nonprofit organization) which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and cash flows for the year 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 Pecan Grove Volunteer Fire Department as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are required to be independent of Pecan Grove Volunteer Fire Department and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pecan Grove Volunteer Fire Department's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pecan Grove Volunteer Fire Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pecan Grove Volunteer Fire Department'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.

*Brecklove & Co., P.C.*

**PECAN GROVE VOLUNTEER FIRE DEPARTMENT**  
(A NON-PROFIT CORPORATION)

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2025

ASSETS

Current Assets

Cash and cash equivalents	\$ 1 576 305
Contract receivables	317 939
Promise to give	325 500
Prepaid expenses	<u>40 814</u>
Total Current Assets	<u>2 260 558</u>

Non-Current Assets

Land	263 300
Property, buildings and equipment, net of accumulated depreciation of \$1,682,041	1 562 479
Construction in progress	51 817
Leased assets, net of accumulated depreciation of \$157,882	744 299
Intangibles, net of accumulated amortization of \$14,344	<u>15 851</u>
Total Non-Current Assets	<u>2 637 746</u>
Total Assets	<u>\$ 4 898 304</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 55 746
Accrued interest payable	27 016
Lease liability - Due within One Year	84 242
Notes payable - Due within One Year	70 787
Payroll liabilities	<u>181 277</u>
Total Current Liabilities	<u>419 068</u>

Long Term Liabilities

Lease liability - Due after One Year	498 129
Notes payable - Due after One Year	<u>772 936</u>
Total Long Term Liabilities	<u>1 271 065</u>
Total Liabilities	<u>1 690 133</u>

Net Assets

Without donor restrictions	<u>3 208 171</u>
Total Net Assets	<u>3 208 171</u>
Total Liabilities and Net Assets	<u>\$ 4 898 304</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

**PECAN GROVE VOLUNTEER FIRE DEPARTMENT**  
(A NON-PROFIT CORPORATION)

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2025

Revenue	
MUD collections	\$ 3 451 639
County reimbursement	75 000
Grants	325 000
Fundraising and other	18 970
Donated services	156 917
Total Revenues	4 027 526
Expenses	
Program Expenses	
Amortization	2 624
Communications	42 720
Depreciation	294 228
Donated services	156 917
EMS supplies	5 842
Facilities maintenance and repairs	36 363
Insurance	35 257
Interest	69 104
Protective gear and uniforms	94 521
Repairs and maintenance	101 728
Salaries and benefits	1 839 087
Training, fire	55 211
Utilities	20 881
Workers compensation insurance	183 334
Total Program Expenses	2 937 817
Support Services	
Department administration	13 620
Professional fees	102 959
Public relations	58 064
Salaries and benefits	85 093
Total Support Services	259 736
Fundraising	
Fundraising expenses	1 778
Total Fundraising	1 778
Operating Income	828 195
Other Income/(Expenses)	
Interest and dividend income	68 867
Gain on disposal of assets	3 259
Total Other Income/(Expenses)	72 126
Change in Net Assets without Donor Restrictions	900 321
Net Assets - Beginning of Year	2 464 582
Prior Period Adjustment	( 156 732)
Net Assets - Beginning of Year Restated	2 307 850
Net Assets - End of Year	\$ 3 208 171

See Independent Auditors' Report and Accompanying Notes to Financial Statements

**PECAN GROVE VOLUNTEER FIRE DEPARTMENT**  
(A NON-PROFIT CORPORATION)

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2025

Cash Flows from Operating Activities	
Increase in Net Assets	\$ 900 321
Adjustments to Reconcile Increase in Net Assets to Cash Provided by Operating Activities	
Depreciation	294 228
Amortization	2 624
Gain on disposal of assets	( 3 259)
Prior period adjustment	( 156 732)
Changes in Operating Assets and Liabilities	
Decrease in contract receivables	164 354
Increase in other receivables	( 325 500)
Increase in prepaid expenses	( 34 300)
Increase in accounts payable	37 924
Decrease in accrued interest payable	( 7 125)
Increase in payroll liabilities	<u>181 277</u>
Net Cash Provided by Operating Activities	<u>1 053 812</u>
Cash Flows from Investing Activities	
Proceeds on disposal of assets	9 265
Purchase of equipment	<u>( 137 548)</u>
Net Cash Used for Investing Activities	<u>( 128 283)</u>
Cash Flows from Financing Activities	
Payments on lease liability	( 79 741)
Payments on notes payable	<u>( 338 473)</u>
Net Cash Used for Financing Activities	<u>( 418 214)</u>
Increase in Cash and Cash Equivalents	507 315
Cash and Cash Equivalents - Beginning of Year	<u>1 068 990</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1 576 305</u>
Supplemental Cash Flow Information	
Cash paid during the year for interest	<u>\$ 73 723</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

**PECAN GROVE VOLUNTEER FIRE DEPARTMENT**  
(A NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025

NOTE (1) ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Pecan Grove Volunteer Fire Department (“the Department”), a Texas non-profit corporation, was created in October 1982 for the purpose of preserving and protecting life and property from and/or during such fires, storms, accidents and other emergencies as may arise within Pecan Grove, Waterside Estates and Harvest Green Subdivisions in Fort Bend County, Texas and vicinity, training of members in the methods of fighting fire and emergency first aid, and the education of the citizens of these subdivisions in the means and methods of prevention of fires and the removal of fire hazards. The Department funds its services through MUD collections, county reimbursements, grants, fundraising and other donations. The Department is controlled by a board of directors elected by an eligible membership of volunteers.

- A. Basis of Accounting – The Financial Statements of the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The accompanying financial statements are presented on the accrual basis of accounting. Significant accounting policies of the Department are described below.
- B. Cash and Cash Equivalents – For the purposes of the Statement of Cash Flows, the Department considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.
- C. Income Taxes – The Department is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been recorded.
- D. Property, Buildings and Equipment – Property, buildings and equipment are stated at cost. Depreciation is recorded using straight-line methods based on the estimated useful lives of the assets using the following useful lives:

Asset Group	Estimated Useful Life (In Years)
Fire apparatus and fire fighting equipment	7-20
Building, equipment and improvements	5-19
Furniture, fixtures and equipment	3-7

Costs of maintenance and repairs are charged to expense and significant renewals and betterments are capitalized.

- E. Intangibles – Intangible assets are stated at cost. Amortization is recorded using the straight-line method based on the term of each loan.
- F. Donated Goods and Services – The Department records the fair market value of donated goods and services when a clear, objective basis of determining the value is available. Donated goods and property in these statements are recorded at fair market value. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

A substantial number of volunteers donate time to fulfill the purposes of the Department. Donated services of \$156,917 at their estimated value are recorded as contributed during the year ended December 31, 2025.

**PECAN GROVE VOLUNTEER FIRE DEPARTMENT**  
(A NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025  
(Continued)

NOTE (1) ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G. Financial Statement Presentation – Under Accounting Standards Update No. 2016-14 *Presentation of Financial Statements of Not-for-Profit Organizations*, the Organization is required to report information regarding its financial statement position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.
- H. Use of Estimates – In conformity with U.S. GAAP, the preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on our knowledge of current events or actions that may happen in the future, actual results can ultimately differ from the estimates.
- I. Allowance for Doubtful Accounts – The Department believes all receivables at year end are collectible. Therefore, no allowance for doubtful accounts has been recorded.
- J. Leases - During the year ended December 31, 2024 the Department implemented FASB ASU 2016-02 *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. Topic 842 requires leased assets to be shown separately from other capital assets.

NOTE (2) FIRE PROTECTION SERVICES

Effective October 1, 2013, the Department entered into an agreement with Fort Bend County to provide fire protection and prevention services to unincorporated surrounding areas of the Department. The County agrees to pay the Department an established amount under the agreement. A new agreement became effective October 1, 2015 until September 30, 2016 and continuing thereafter until terminated by either party with 10 days written notice. Total reimbursement was \$75,000 during the year ended December 31, 2025.

NOTE (3) CONCENTRATION OF CREDIT RISK

Cash deposits were in checking accounts and money market accounts during the year. The deposits were secured by FDIC coverage. The contracted depository bank used by the Department was NewFirst Bank. The largest cash, money market and sweep account combined balance at NewFirst Bank was \$1,330,519 and occurred in December 2025. The NewFirst Bank accounts were secured by \$250,000 of insurance from the Federal Deposit Insurance Corporation (FDIC). The Department uses a sweep account for excess funds to minimize risk. There were instances during the year when funds were inadequately insured.

At year end the Department had \$278,099 held in a CDARS account at NewFirst Bank. These funds were adequately secured by FDIC.

NOTE (4) PROMISE TO GIVE

During the year ended December 31, 2025, the Department received two grants from Texas A&M Forest Service totaling \$325,000. These awards were to assist the Department with the purchase of a fire suppression vehicle and equipment. These grants are reimbursable grants, and no funds had been received at year end.

During the year ended December 31, 2025, the Department received \$500 store credit from a local furniture store to assist in the purchase of furniture for the station. At the year end these funds had not yet been expended.

**PECAN GROVE VOLUNTEER FIRE DEPARTMENT**  
(A NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025  
(Continued)

NOTE (5) PROPERTY, BUILDINGS, AND EQUIPMENT

The changes in property, buildings and equipment for the year are summarized as follows:

	Beginning of Year	Additions / transfers	Dispositions	Depreciation Expense	End of Year
Capital assets not being depreciated					
Land	\$ 263 300	\$ -	\$ -	\$ -	\$ 263 300
Construction in progress	<u>-</u>	<u>51 817</u>	<u>-</u>	<u>-</u>	<u>51 817</u>
Total Capital assets not being depreciated	<u>263 300</u>	<u>51 817</u>	<u>-</u>	<u>-</u>	<u>315 117</u>
Capital assets being depreciated:					
Fire apparatus and fire fighting equipment	1 557 830	93 864	( 90 221)	-	1 561 473
Buildings, equipment and improvements	1 693 431	( 28 248)	( 2 251)	-	1 662 932
Furniture, fixtures and equipment	3 224	-	( 3 224)	-	-
Training equipment	-	20 115	-	-	20 115
Leased assets	<u>902 181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>902 181</u>
Total capital assets being depreciated:	<u>4 156 666</u>	<u>85 731</u>	<u>( 95 696)</u>	<u>-</u>	<u>4 146 701</u>
Less accumulated depreciation:					
Fire apparatus and fire fighting equipment	(1 048 614)	-	86 721	( 123 050)	(1 084 943)
Buildings, equipment and improvements	( 519 034)	-	2 251	( 80 250)	( 597 033)
Furniture, fixtures and equipment	( 73)	-	718	( 645)	-
Training equipment	-	-	-	( 65)	( 65)
Leased assets	<u>( 67 664)</u>	<u>-</u>	<u>-</u>	<u>( 90 218)</u>	<u>( 157 882)</u>
Total accumulated depreciation	<u>(1 635 385)</u>	<u>-</u>	<u>89 690</u>	<u>( 294 228)</u>	<u>(1 839 923)</u>
Total Capital assets, net	<u>\$ 2 784 581</u>	<u>\$ 137 548</u>	<u>\$ ( 6 006)</u>	<u>\$ ( 294 228)</u>	<u>\$ 2 621 895</u>

Donations of property are recorded as support at their estimated fair value. Such donations are unrestricted support unless the donor restricts the asset to a specific purpose. Assets donated with explicit restrictions and cash contributions that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding the length of time those donated assets must be maintained, the Department reports expiration of donor restrictions when the donated or acquired assets are placed in service. The Department reclassifies net assets with donor restrictions to net assets without donor restrictions when restrictions expire.

NOTE (6) INTANGIBLES

The changes in intangibles for the year are summarized as follows:

Loan acquisition cost	\$ <u>30 195</u>
Accumulated amortization - Beginning of year	( 11 720)
Amortization expense	<u>( 2 624)</u>
Accumulated amortization - End of year	<u>( 14 344)</u>
Net Carrying amount	<u>\$ 15 851</u>

**PECAN GROVE VOLUNTEER FIRE DEPARTMENT**  
(A NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025  
(Continued)

NOTE (7) NOTES PAYABLE

On July 17, 2018, the Department entered into a note payable used to purchase a new fire apparatus. The interest rate is 3.77% and the term is 10 years with principal and interest payments of \$70,181 due yearly through July 17, 2028. The fire apparatus was placed in service on April 28, 2019 and is pledged as collateral on the note. On January 1, 2025, the Department owed \$255,277 on the note. During the year ended December 31, 2025, the Department made principal and interest payments of \$255,277 and \$9,656, respectively. On December 31, 2025, this note had been fully repaid.

On February 24, 2011, the Department entered into a note payable used for the construction of a new fire station. The interest rate is 5.096% and the term is twenty years with principal and interest payments of \$19,963 due yearly through November 15, 2030. On April 29, 2020, the Department refinanced the note payable. The interest rate is 2.28% and the term is ten years with principal and interest payments of \$19,995 due yearly through April 29, 2030. The fire station with a carrying value of \$68,206 on December 31, 2025 is pledged as collateral on the note. On January 1, 2025, the Department owed \$110,948 on the note. During the year ended December 31, 2025, the Department made principal and interest payments of \$17,465, and \$2,530, respectively. On December 31, 2025, the Department owed \$93,483 to the lender.

On May 13, 2010, the Department entered into a note payable used to purchase land. The interest rate is 5.482% and the term is fifteen years with principal and interest payments of \$15,896 due yearly through May 13, 2026. On April 29, 2020, the Department refinanced the note payable. The interest rate is 1.95% and the term is five years with principal and interest payments of \$14,618 due yearly through April 29, 2026. The land with a carrying value of \$217,516 on December 31, 2025 is pledged as collateral on the note. On January 1, 2025, the Department owed \$14,338 on the note. During the year ended December 31, 2025, the Department made principal and interest payments of \$14,338 and \$280, respectively. On December 31, 2025, this note had been fully repaid.

On March 3, 2022, the Department entered into a note payable with Southside Bank for \$900,000. Interest is calculated on the outstanding principal at the applicable rate calculated on the per annum basis of a 360 day-year consisting of twelve 30-day months. The proceeds were used in the remodeling of a fire station. Fifteen principal and interest payments of \$75,281 are due annually beginning March 3, 2023 through March 3, 2037 once the loan is fully drawn. On January 1, 2025, the Department owed \$801,633 on the note. During the year ended December 31, 2025, the Department made principal and interest payments of \$51,393 and \$23,888, respectively, during the year. On December 31, 2025, the Department owed \$750,240 to the lender.

The future maturities of notes payable are as follows:

<u>Year Ending</u>	<u>Amount</u>
2026	\$ 70 787
2027	72 772
2028	74 812
2029	76 911
2030	79 069
Thereafter	<u>469 372</u>
Total	<u>\$ 843 723</u>

**PECAN GROVE VOLUNTEER FIRE DEPARTMENT**  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025  
(Continued)

NOTE (8) LEASE LIABILITIES

On October 19, 2023 the District executed a lease purchase agreement for a new vehicle. The proceeds from the lease purchase agreement were held in escrow until the Department received the vehicle. Repayments on this lease purchase agreement began October 15, 2025 annually for eight years. The agreement also includes a purchase option for the Department to purchase the equipment at \$1.00 after the eight-year term. The economic substance of the agreement is that the Department is financing the acquisition of the equipment through the lease, and accordingly, the equipment is recorded in the Department's assets and liabilities. On January 1, 2025, the Department owed \$662,112 on the lease. During the year ended December 31, 2025, the Department made principal and interest payments of \$79,741 and \$37,370, respectively, during the year. On December 31, 2025, the Department owed \$582,371 to the lender.

The following is a schedule by year of future minimum principal and interest payments required under the agreement as of December 31, 2025:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 84 242	\$ 32 869
2027	88 997	28 114
2028	94 020	23 091
2029	99 326	17 785
2030	104 932	12 179
Thereafter	<u>110 854</u>	<u>6 257</u>
Total	<u>\$ 582 371</u>	<u>\$ 120 295</u>

NOTE (9) NET ASSETS WITH DONOR RESTRICTIONS

During the year, the Department did not receive any donations with donor restrictions and did not have any net assets with donor restrictions.

Restricted contributions whose restrictions are met in the same reporting period are recorded as contributions without donor restrictions.

NOTE (10) EMERGENCY RESPONSES

During the year, the Department responded to 1,525 emergencies.

NOTE (11) FUNDRAISING EXPENSES

Total fundraising expense for the year ended December 31, 2025 was \$1,778.

NOTE (12) LIQUIDITY

The Department has \$2,219,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$1,576,305, contract receivables of \$317,195 and promises to give of \$325,500.

**PECAN GROVE VOLUNTEER FIRE DEPARTMENT**  
(A NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025  
(Continued)

NOTE (13) FIRE PROTECTION PLAN

Effective September 2015, the Department entered into a Fire Protection Agreement (“Agreement”) with Fort Bend County Municipal Utility District (“District”) No. 118, for fire protection services within the boundaries of the District. In exchange for the fire protection services, the District agrees to make monthly payments to the Department of \$27.56 per month for each customer that is connected to the public water system. The term of the Agreement is fifteen years and shall be renewed thereafter for successive one-year terms. Either party may terminate the Agreement by giving written notice to the other of at least 90 days. The District shall deduct \$300 from each monthly payment to the Department for administrative costs. At December 31, 2025, the Department had \$49,363 in uncollected 2025 amounts receivable from the District.

Effective April 2015, the Department entered into an Agreement with Pecan Grove Municipal Utility District (“District”) for fire protection services within the boundaries of the District. In exchange for the fire protection services, the District agrees to make monthly payments to the Department of \$27.56 per month for each customer that is connected to the public water system. The term of the Agreement is fifteen years and shall be renewed thereafter for successive one-year terms. Either party may terminate the Agreement by giving written notice to the other of at least 120 days. For a no-cause termination, a unanimous vote by either party’s Board of Directors is required. The District shall deduct \$300 from each monthly payment to the Department for administrative costs. At December 31, 2025, the Department had \$137,473 in uncollected 2025 amounts receivable from the District.

Effective November 2016, the Department entered into an Agreement with Fort Bend County Municipal Utility District (“District”) No. 134D for fire protection services within the boundaries of the District. In exchange for the fire protection services, the District agrees to make monthly payments to the Department of \$27.56 per month for each customer that is connected to the public water system. The fee is subject to annual increases effective October 1, 2025. The term of the Agreement is fifteen years and shall be renewed thereafter for successive one-year terms. Either party may terminate the Agreement after the initial 15-year term, by giving written notice to the other of at least one year. At December 31, 2025, the Department had \$75,074 in uncollected 2025 amounts receivable from the District.

During 2018, the Department entered into an Agreement with Fort Bend County Municipal Utility District (“District”) No. 134E for fire protection services within the boundaries of the District. In exchange for the fire protection services, the District agrees to make monthly payments to the Department of \$27.56 per month for each customer that is connected to the public water system. The fee is subject to annual increases effective October 1, 2025. The term of the Agreement is fifteen years and shall be renewed thereafter for successive one-year terms. Either party may terminate the Agreement after the initial 15-year term, by giving written notice to the other of at least one year. At December 31, 2025, the Department had \$55,285 in uncollected 2025 amounts receivable from the District.

During 2025, the Department entered into an Agreement with Fort Bend County Municipal Utility District (“District”) No. 134F for fire protection services within the boundaries of the District. In exchange for the fire protection services, the District agrees to make monthly payments to the Department of \$27.56 per month for each customer that is connected to the public water system. The fee is subject to annual increases effective October 1, 2025. The term of the Agreement is fifteen years and shall be renewed thereafter for successive one-year terms. Either party may terminate the Agreement after the initial 15-year term, by giving written notice to the other of at least one year. At December 31, 2025, the Department had \$744 in uncollected 2025 amounts receivable from the District.

**PECAN GROVE VOLUNTEER FIRE DEPARTMENT**  
(A NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025  
(Continued)

NOTE (14) 401(K) PLAN

On February 14, 2024, the Department established the Pecan Grove Volunteer Fire Department 401(K) Plan (the "Plan"). The Plan is offered to full-time employees who are at least 18 years of age. The Department contributes 2:1 up to 4% (or a maximum of 8%) of the eligible employees' annual covered salary. The amount of expense charged to operations for the year ended December 31, 2025 was \$112,146.

NOTE (15) PRIOR PERIOD ADJUSTMENT

Net assets without donor restrictions at the beginning of 2025 have been adjusted for accrued payroll liabilities not recorded in error in the prior year. The correction has no effect on the results of the current year's activities; however, the cumulative effect decreases beginning net assets without donor restrictions for 2025 by \$156,372. Had the error not occurred, the change in net assets without donor restrictions for 2024 would have decreased by \$156,372.

NOTE (16) SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 12, 2026 (the date the financial statements were available to be issued) and noted no events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.