# COMMUNITY DEVELOPMENT CORPORATION of BROWNSVILLE (dba: cdcb | come dream. come build.) AND AFFILIATES CONSOLIDATED FINANCIAL STATEMENTS and SUPPLEMENTARY INFORMATION

September 30, 2024 and 2023



Independent Auditor's Report	1
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	10
SUPPLEMENTARY INFORMATION	
Schedule of Loan Delinquency and Aging – Unaudited – Current Year	34
Schedule of Loan Delinquency and Aging – Unaudited – Prior Year	35



**Carr, Riggs & Ingram, L.L.C.** 402 East Tyler Avenue Harlingen, TX 78550

956.423.3765 956.428.7520 (fax) CRladv.com

#### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Community Development Corporation of Brownsville and Affiliates Brownsville, Texas

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated financial statements of Community Development Corporation of Brownsville (dba: cdcb | come dream. come build.) and Affiliates (a nonprofit organization, collectively the "cdcb"), which comprise the consolidated statement of financial position as of September 30, 2024 and 2023, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of cdcb as of September 30, 2024 and 2023, and the changes in their net assets and their 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of cdcb 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 opinions.

### Responsibilities of Management for the 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 cdcb's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the 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 auditor's 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 and *Government 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 and *Government 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 cdcb'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 cdcb'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.

#### **Other Information**

Management is responsible for the other information included in the consolidated financial statements. The other information comprises the Schedules of Loan Delinquency and Aging – Unaudited 2024 and 2023 but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, on our consideration of cdcb's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of cdcb's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering cdcb's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, LLC

Carr, Riggs & Chapan, L.L.C.

Brownsville, Texas December 18, 2024

### Community Development Corporation of Brownsville (dba: cdcb | come dream. come build.) and Affiliates Consolidated Statements of Financial Position

September 30,		2024		2023
ASSETS				
Current assets				
Cash and cash equivalents	\$	12,291,680	\$	10,047,533
Receivables				
Mortgage loans receivable		692,688		566,649
Grants receivable		496,956		1,094,916
Notes receivable		170,000		-
Interest receivable		65,963		64,003
Other receivable		183,366		1,715,194
Prepaid and other assets		658,413		579,350
Inventory		729,314		-
Current investment in homes and land development projects		364,018		2,052,083
Current investment in homes and land development projects- NMTC		79,737		1,189,201
Restricted cash and cash equivalents		1,421,895		1,912,190
<b>T</b> . (.)		47.454.000		10 221 110
Total current assets		17,154,030		19,221,119
Noncurrent assets				
Mortgage loans receivable		20,195,276		17,547,922
Notes receivable		1,900,602		1,790,602
Developer fee receivable		3,578,126		3,843,053
Investment in homes and land development projects		12,207,888		8,087,594
Investment in homes and land development projects- NMTC		-		298,954
Receivables - other - long-term		4,586,030		392,015
Rental properties - net		7,688,710		5,189,176
Long-term investments		5,783,153		9,135,835
Property and equipment - net		1,432,803		702,526
Total noncurrent assets		57,372,589		46,987,677
Total assets	\$	74 526 610	¢	66 200 706
TULAI ASSELS	Ą	74,526,619	\$	66,208,796

- Continued

### Community Development Corporation of Brownsville (dba: cdcb | come dream. come build.) and Affiliates Consolidated Statements of Financial Position- Continued

September 30,		2024		2023
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$	1,875,361	\$	455,809
Accrued expenses	Ş	664,501	Ş	536,240
·		•		•
Refundable advances- current portion		5,139,593		5,905,900
Current portion of long-term debt		2,305,762		7,828,263
Revolving fund		924,017		899,653
Escrow deposits		883,317		786,462
Total current liabilities		11,792,551		16,412,327
Noncurrent liabilities				
Refundable advances		375,229		375,229
Long-term debt		29,996,951		20,534,693
Revolving fund		13,080		37,444
Other liabilities		8,174,542		7,206,082
Total noncurrent liabilities		38,559,802		28,153,448
Total liabilities		EO 2E2 2E2		11 FGE 77E
Total liabilities		50,352,353		44,565,775
NET ASSETS				
Net assets without donor restrictions		24,090,918		21,560,423
Net assets with donor restrictions		83,347		82,598
		•		·
Total net assets		24,174,265		21,643,021
Total liabilities and net assets	ć	74 526 610	ç	66 200 706
Total liabilities and het assets	\$	74,526,619	\$	66,208,796

### Community Development Corporation of Brownsville (dba: cdcb | come dream. come build.) and Affiliates Consolidated Statement of Activities

For the year ended September 30, 2024		hout Donor estrictions		Vith Donor estrictions		Total
Payanua and support						
Revenue and support Sales - home and lot	\$	3,810,906	\$		\$	3,810,906
Net fees	Ą	238,585	Ą	-	Ş	238,585
Grants		•		2 055 050		9,725,460
Contributions		7,670,401		2,055,059		637,429
Interest and investment income		637,429		- 749		
		1,491,389		749		1,492,138
Developer fee revenue		172,035		-		172,035
Management fees		570,692		-		570,692
Rental income		723,541		-		723,541
Other earned income		2,150,455		-		2,150,455
Net assets released from restrictions -		2.055.050		(2.055.050)		
restrictions satisfied by payments		2,055,059		(2,055,059)		-
Total revenue and support		19,520,493		749		19,521,243
Farmana						
Expenses						
Program services:		C 470 002				6 470 002
Home ownership		6,470,982		-		6,470,982
Financial security		444,864		-		444,864
Youthbuild		913,824		-		913,824
Rental management		1,387,683		-		1,387,683
Real estate development		551,910		-		551,910
Special service		2,419,048		-		2,419,048
Dreambuild		2,683,826		-		2,683,826
Support services:						
General and administration expenses		2,117,861		-		2,117,861
Total expenses		16,989,998		-		16,989,998
Change in net assets		2,530,495		749		2,531,244
Net assets – beginning of year		21,560,423		82,598		21,643,021
Net assets – end of year	\$	24,090,918	\$	83,347	\$	24,174,265

### Community Development Corporation of Brownsville (dba: cdcb | come dream. come build.) and Affiliates Consolidated Statement of Activities

For the year ended September 30, 2023		thout Donor Restrictions		Vith Donor Lestrictions		Total
Support and revenue						
Sales - home and lot	\$	9,918,366	\$	_	\$	9,918,366
Net fees	•	252,616	т.	_	•	252,616
Grants		4,874,951		4,085,612		8,960,563
Interest and investment income		809,010		1,379		810,389
Developer fee revenue		412,630		-		412,630
Management fees		498,433		-		498,433
Rental income		667,456		-		667,456
Other earned income		547,072		-		547,072
Net assets released from restrictions -		•				•
restrictions satisfied by payments		4,085,612		(4,085,612)		-
Total support and revenue		22,066,146		1,379		22,067,526
Expenses Program services:						
Homeownership		7,982,585		_		7,982,585
Financial security		380,374		_		380,374
Youthbuild		792,834		_		792,834
Rental management		3,008,801		-		3,008,801
Real estate development		5,026,670				5,026,670
Special service		2,232,962		-		2,232,962
Support services:		1,635,907				1,635,907
General and administrative expenses		1,407,679		_		1,407,679
Total expenses		22,467,812		-		22,467,812
Change in net assets		(401,666)		1,379		(400,287)
Net assets – beginning of year		21,962,089		81,219		22,043,308
Net assets – end of year	\$	21,560,423	\$	82,598	\$	21,643,021

### Community Development Corporation of Brownsville (dba: cdcb | come dream. come build.) and Affiliates Consolidated Statements of Cash Flows

For the years ended September 30,	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,531,244	\$ (400,287)
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation - rental properties	200,466	190,039
Depreciation - property and equipment	77,644	68,672
(Increase) decrease:		
Receivables:		
Grants	597,960	893,005
Developer fee receivable	264,927	(169,406)
Receivables - other - long-term	(2,664,147)	(1,309,757)
Inventory	(729,314)	-
Prepaid and other assets	(79,063)	368,810
Increase (decrease):		
Accounts payable	1,419,552	52,400
Accrued expenses	128,261	289,931
Refundable advances	(766,307)	1,033,305
Revolving fund	-	(77,194)
Escrow deposits	96,855	228,499
Other liabilities	968,460	1,889,554
Net cash provided by operating activities	2,046,538	3,057,571
		C + :

-Continued-

### Community Development Corporation of Brownsville (dba: cdcb | come dream. come build.) and Affiliates Consolidated Statements of Cash Flows - Continued

RASH FLOWS FROM INVESTING ACTIVITIES           Proceeds from investment in homes and land development projects         \$4,775,556         \$9,593,871           Payments for investment in homes and land development projects         (5,799,367)         (2,581,713)           Purchases of property and equipment         (807,921)         (1,537)           Purchases of rental property         (2,700,000)         (72,181)           Proceeds from sale of investments         3,352,682         (2127,500)           Issuance of notes receivable         2,369,477         30,001           Issuance of mortgage loans         (4,100,316)         (4,880,460)           Collections from mortgage loans         1,326,923         281,854           Net cash provided by (used in) investing activities         4,232,443         2,242,301           CASH FLOWS FROM FINANCING ACTIVITIES         10,635,420         3,189,457           Payments made on notes payable         10,635,420         3,189,457           Payments made on notes payable         10,635,420         3,172,202           Net increase (decrease) in cash and cash equivalents         1,753,852         5,414,244           Ending cash and cash equivalents         11,959,723         6,545,479           Ending cash and cash equivalents         \$ 1,099,975         \$ 1,015,848	For the years ended September 30,	2024	2023
Payments for investment in homes and land development projects         (5,799,367)         (2,581,713)           Purchases of property and equipment         (807,921)         (1,537)           Purchases of property and equipment         (2,700,000)         (72,181)           Proceeds from sale of investments         3,352,682         (127,500)           Issuance of notes receivable         (2,649,477)	CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment         (807,921)         (1,537)           Purchases of rental property         (2,700,000)         (72,181)           Proceeds from sale of investments         3,352,682         (127,500)           Issuance of notes receivable         (2,649,477)         30,001           Collections from notes receivable         (2,369,477)         30,001           Issuance of mortgage loans         (4,100,316)         (4,880,460)           Collections from mortgage loans         (4,232,443)         2,242,301           Net cash provided by (used in) investing activities         (4,232,443)         2,242,301           CASH FLOWS FROM FINANCING ACTIVITIES           Proceeds from notes payable         10,635,420         3,189,457           Payments made on notes payable         (6,695,663)         (3,075,085)           Net increase (decrease) in cash and cash equivalents         1,753,852         5,414,244           Beginning cash and cash equivalents         11,959,723         6,545,479           Ending cash and cash equivalents         \$ 13,713,575         \$ 11,959,723           Cash paid for interest         \$ 1,099,975         \$ 1,015,848           Cash and cash equivalents         \$ 1,099,975         \$ 1,015,848	Proceeds from investment in homes and land development projects	\$ 4,775,556	\$ 9,593,837
Purchases of rental property         (2,700,000)         (72,181)           Proceeds from sale of investments         3,352,682         (127,500)           Issuance of notes receivable         (2,649,477)         30,001           Issuance of mortgage loans         (4,100,316)         (4,880,460)           Collections from mortgage loans         1,326,923         281,854           Net cash provided by (used in) investing activities         (4,232,443)         2,242,301           CASH FLOWS FROM FINANCING ACTIVITIES           Proceeds from notes payable         10,635,420         3,189,457           Payments made on notes payable         (6,695,663)         (3,075,085)           Net increase (decrease) in cash and cash equivalents         1,753,852         5,414,244           Beginning cash and cash equivalents         11,959,723         6,545,479           Ending cash and cash equivalents         \$ 13,713,575         \$ 11,959,723           Supplemental Disclosures of Cash Flow Information:           Cash and cash equivalents and restricted cash consist of:         \$ 1,099,975         \$ 1,015,848           Cash and cash equivalents         \$ 1,099,975         \$ 1,015,848           Cash and cash equivalents         \$ 1,099,975         \$ 1,015,848           Cash and	Payments for investment in homes and land development projects	(5,799,367)	(2,581,713)
Proceeds from sale of investments Issuance of notes receivable Issuance of notes receivable (2,649,477)         (2,649,477)	Purchases of property and equipment	(807,921)	(1,537)
Issuance of notes receivable         (2,649,477)         -           Collections from notes receivable Issuance of mortgage loans         (4,100,316)         (4,880,460)           Collections from mortgage loans         (4,100,316)         (4,880,460)           Collections from mortgage loans         (4,232,443)         2,242,301           CASH FLOWS FROM FINANCING ACTIVITIES           Proceeds from notes payable Payments made on notes payable Payments made on notes payable         10,635,420         3,189,457           Net increase (decrease) in cash and cash equivalents         3,939,757         114,372           Net increase (decrease) in cash and cash equivalents         11,959,723         6,545,479           Ending cash and cash equivalents         \$ 13,713,575         \$ 11,959,723           Supplemental Disclosures of Cash Flow Information: Cash paid for interest         \$ 1,099,975         \$ 1,015,848           Cash and cash equivalents and restricted cash consist of:         9/30/2024         9/30/2023           Cash and cash equivalents         \$ 12,291,680         \$ 10,047,533           Restricted cash and cash equivalents         1,421,895         1,912,190	Purchases of rental property	(2,700,000)	(72,181)
Collections from notes receivable Issuance of mortgage loans Collections from mortgage loans         2,369,477 (4,100,316) (4,880,460) (4,880,460) (4,100,316) (4,880,460) (4,100,316) (4,880,460) (4,100,316) (4,880,460) (1,326,923) (2,242,301)           Net cash provided by (used in) investing activities         (4,232,443) (2,242,301)           CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from notes payable Payments made on notes payable (6,695,663) (3,075,085)         10,635,420 (3,075,085)           Net cash provided by (used in) provided by financing activities         3,939,757 (3,075,085)           Net increase (decrease) in cash and cash equivalents         1,753,852 (5,414,244)           Beginning cash and cash equivalents         11,959,723 (6,545,479)           Ending cash and cash equivalents         \$ 13,713,575 (\$ 11,959,723)           Supplemental Disclosures of Cash Flow Information: Cash paid for interest         \$ 1,099,975 (\$ 1,015,848)           Cash and cash equivalents and restricted cash consist of:         9/30/2024 (9)30/2023 (\$ 10,047,533)           Cash and cash equivalents         \$ 12,291,680 (\$ 10,047,533)           Restricted cash and cash equivalents         1,421,895 (1,912,190)	Proceeds from sale of investments	3,352,682	(127,500)
Issuance of mortgage loans         (4,100,316)         (4,880,460)           Collections from mortgage loans         1,326,923         281,854           Net cash provided by (used in) investing activities         (4,232,443)         2,242,301           CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from notes payable Payments made on notes payable Payments made on notes payable         10,635,420 (6,695,663)         3,189,457 (3,075,085)           Net cash provided by(used in) provided by financing activities         3,939,757         114,372           Net increase (decrease) in cash and cash equivalents         1,753,852         5,414,244           Beginning cash and cash equivalents         11,959,723         6,545,479           Ending cash and cash equivalents         \$ 13,713,575         \$ 1,095,723           Supplemental Disclosures of Cash Flow Information: Cash paid for interest         \$ 1,099,975         \$ 1,015,848           Cash and cash equivalents and restricted cash consist of:         9/30/2024         9/30/2023           Cash and cash equivalents         \$ 12,291,680         \$ 10,047,533           Restricted cash and cash equivalents         1,421,895         1,912,190	Issuance of notes receivable	(2,649,477)	-
Collections from mortgage loans         1,326,923         281,854           Net cash provided by (used in) investing activities         (4,232,443)         2,242,301           CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from notes payable Payments made on notes payable         10,635,420         3,189,457           Net cash provided by(used in) provided by financing activities         3,939,757         114,372           Net increase (decrease) in cash and cash equivalents         1,753,852         5,414,244           Beginning cash and cash equivalents         11,959,723         6,545,479           Ending cash and cash equivalents         \$ 13,713,575         \$ 11,959,723           Supplemental Disclosures of Cash Flow Information: Cash paid for interest         \$ 1,099,975         \$ 1,015,848           Cash and cash equivalents and restricted cash consist of:         9/30/2024         9/30/2023           Cash and cash equivalents         \$ 12,291,680         \$ 10,047,533           Restricted cash and cash equivalents         1,421,895         1,912,190	Collections from notes receivable	2,369,477	30,001
Net cash provided by (used in) investing activities         (4,232,443)         2,242,301           CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from notes payable Proceeds from notes payable Proceeds from notes payable Ret cash provided by(used in) provided by financing activities         10,635,420 (3,075,085)         3,189,457 (6,695,663)         (3,075,085)           Net cash provided by(used in) provided by financing activities         3,939,757         114,372           Beginning cash and cash equivalents         1,753,852         5,414,244           Beginning cash and cash equivalents         11,959,723         6,545,479           Ending cash and cash equivalents         \$ 13,713,575         \$ 11,959,723           Supplemental Disclosures of Cash Flow Information: Cash paid for interest         \$ 1,099,975         \$ 1,015,848           Cash and cash equivalents and restricted cash consist of:         9/30/2024         9/30/2023           Cash and cash equivalents         \$ 12,291,680         \$ 10,047,533           Restricted cash and cash equivalents         1,421,895         1,912,190	Issuance of mortgage loans	(4,100,316)	(4,880,460)
CASH FLOWS FROM FINANCING ACTIVITIES         Proceeds from notes payable Payments made on notes payable       10,635,420 (6,695,663)       3,189,457 (3,075,085)         Net cash provided by(used in) provided by financing activities       3,939,757       114,372         Net increase (decrease) in cash and cash equivalents       1,753,852       5,414,244         Beginning cash and cash equivalents       11,959,723       6,545,479         Ending cash and cash equivalents       \$ 13,713,575       \$ 11,959,723         Supplemental Disclosures of Cash Flow Information:         Cash paid for interest       \$ 1,099,975       \$ 1,015,848         Cash and cash equivalents and restricted cash consist of:       9/30/2024       9/30/2023         Cash and cash equivalents       \$ 12,291,680       \$ 10,047,533         Restricted cash and cash equivalents       1,421,895       1,912,190	Collections from mortgage loans	1,326,923	281,854
CASH FLOWS FROM FINANCING ACTIVITIES         Proceeds from notes payable       10,635,420       3,189,457         Proceeds from notes payable       10,635,420       (3,075,085)         Net cash provided by(used in) provided by financing activities       3,939,757       114,372         Net increase (decrease) in cash and cash equivalents       1,753,852       5,414,244         Beginning cash and cash equivalents       11,959,723       6,545,479         Ending cash and cash equivalents       \$ 13,713,575       \$ 11,959,723         Supplemental Disclosures of Cash Flow Information:         Cash paid for interest       \$ 1,099,975       \$ 1,015,848         Cash and cash equivalents and restricted cash consist of:         Cash and cash equivalents       9/30/2024       9/30/2023         Cash and cash equivalents       \$ 12,291,680       \$ 10,047,533         Restricted cash and cash equivalents       1,421,895       1,912,190	Not each manifold by (read in ) investing activities	(4 222 442)	2 242 204
Proceeds from notes payable Payments made on notes payable         10,635,420 (6,695,663)         3,189,457 (3,075,085)           Net cash provided by(used in) provided by financing activities         3,939,757         114,372           Net increase (decrease) in cash and cash equivalents         1,753,852         5,414,244           Beginning cash and cash equivalents         11,959,723         6,545,479           Ending cash and cash equivalents         \$ 13,713,575         \$ 11,959,723           Supplemental Disclosures of Cash Flow Information:         \$ 1,099,975         \$ 1,015,848           Cash paid for interest         \$ 1,099,975         \$ 1,015,848           Cash and cash equivalents and restricted cash consist of:         9/30/2024         9/30/2023           Cash and cash equivalents         \$ 12,291,680         \$ 10,047,533           Restricted cash and cash equivalents         1,421,895         1,912,190	Net cash provided by (used in) investing activities	(4,232,443)	2,242,301
Payments made on notes payable         (6,695,663)         (3,075,085)           Net cash provided by(used in) provided by financing activities         3,939,757         114,372           Net increase (decrease) in cash and cash equivalents         1,753,852         5,414,244           Beginning cash and cash equivalents         11,959,723         6,545,479           Ending cash and cash equivalents         \$ 13,713,575         \$ 11,959,723           Supplemental Disclosures of Cash Flow Information:	CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash provided by(used in) provided by financing activities3,939,757114,372Net increase (decrease) in cash and cash equivalents1,753,8525,414,244Beginning cash and cash equivalents11,959,7236,545,479Ending cash and cash equivalents\$ 13,713,575\$ 11,959,723Supplemental Disclosures of Cash Flow Information: Cash paid for interest\$ 1,099,975\$ 1,015,848Cash and cash equivalents and restricted cash consist of:9/30/20249/30/2023Cash and cash equivalents\$ 12,291,680\$ 10,047,533Restricted cash and cash equivalents1,421,8951,912,190			
Net increase (decrease) in cash and cash equivalents  1,753,852 5,414,244  Beginning cash and cash equivalents 11,959,723 6,545,479  Ending cash and cash equivalents \$ 13,713,575 \$ 11,959,723  Supplemental Disclosures of Cash Flow Information: Cash paid for interest \$ 1,099,975 \$ 1,015,848  Cash and cash equivalents and restricted cash consist of:  9/30/2024 9/30/2023  Cash and cash equivalents \$ 12,291,680 \$ 10,047,533  Restricted cash and cash equivalents 1,421,895 1,912,190	Payments made on notes payable	(6,695,663)	(3,075,085)
Net increase (decrease) in cash and cash equivalents  1,753,852 5,414,244  Beginning cash and cash equivalents 11,959,723 6,545,479  Ending cash and cash equivalents \$ 13,713,575 \$ 11,959,723  Supplemental Disclosures of Cash Flow Information: Cash paid for interest \$ 1,099,975 \$ 1,015,848  Cash and cash equivalents and restricted cash consist of:  9/30/2024 9/30/2023  Cash and cash equivalents \$ 12,291,680 \$ 10,047,533  Restricted cash and cash equivalents 1,421,895 1,912,190	Net cash provided by(used in) provided by financing activities	3,939,757	114,372
Beginning cash and cash equivalents         11,959,723         6,545,479           Ending cash and cash equivalents         \$ 13,713,575         \$ 11,959,723           Supplemental Disclosures of Cash Flow Information:         \$ 1,099,975         \$ 1,015,848           Cash and cash equivalents and restricted cash consist of:         9/30/2024         9/30/2023           Cash and cash equivalents         \$ 12,291,680         \$ 10,047,533           Restricted cash and cash equivalents         1,421,895         1,912,190			· · · · · · · · · · · · · · · · · · ·
Ending cash and cash equivalents \$ 13,713,575 \$ 11,959,723  Supplemental Disclosures of Cash Flow Information: Cash paid for interest \$ 1,099,975 \$ 1,015,848  Cash and cash equivalents and restricted cash consist of:  9/30/2024 9/30/2023  Cash and cash equivalents \$ 12,291,680 \$ 10,047,533  Restricted cash and cash equivalents 1,421,895 1,912,190	Net increase (decrease) in cash and cash equivalents	1,753,852	5,414,244
Ending cash and cash equivalents \$ 13,713,575 \$ 11,959,723  Supplemental Disclosures of Cash Flow Information: Cash paid for interest \$ 1,099,975 \$ 1,015,848  Cash and cash equivalents and restricted cash consist of:  9/30/2024 9/30/2023  Cash and cash equivalents \$ 12,291,680 \$ 10,047,533  Restricted cash and cash equivalents 1,421,895 1,912,190	Reginning each and each equivalents	11 050 722	6 545 470
Supplemental Disclosures of Cash Flow Information:  Cash paid for interest \$ 1,099,975 \$ 1,015,848  Cash and cash equivalents and restricted cash consist of:  9/30/2024 9/30/2023  Cash and cash equivalents \$ 12,291,680 \$ 10,047,533  Restricted cash and cash equivalents 1,421,895 1,912,190	beginning cash and cash equivalents	11,939,723	0,343,473
Cash paid for interest       \$ 1,099,975       \$ 1,015,848         Cash and cash equivalents and restricted cash consist of:         9/30/2024       9/30/2023         Cash and cash equivalents       \$ 12,291,680       \$ 10,047,533         Restricted cash and cash equivalents       1,421,895       1,912,190	Ending cash and cash equivalents	\$ 13,713,575	\$ 11,959,723
Cash paid for interest       \$ 1,099,975       \$ 1,015,848         Cash and cash equivalents and restricted cash consist of:         9/30/2024       9/30/2023         Cash and cash equivalents       \$ 12,291,680       \$ 10,047,533         Restricted cash and cash equivalents       1,421,895       1,912,190	Supplemental Disclosures of Cash Flow Information		
Cash and cash equivalents and restricted cash consist of:         9/30/2024       9/30/2023         Cash and cash equivalents       \$ 12,291,680       \$ 10,047,533         Restricted cash and cash equivalents       1,421,895       1,912,190	• •	\$ 1,000,075	\$ 1.015.848
Cash and cash equivalents         9/30/2024         9/30/2023           Restricted cash and cash equivalents         \$ 12,291,680         \$ 10,047,533           1,421,895         1,912,190	Cash paid for interest	Ç 1,033,373	7 1,013,848
Cash and cash equivalents         9/30/2024         9/30/2023           Restricted cash and cash equivalents         \$ 12,291,680         \$ 10,047,533           1,421,895         1,912,190			
Cash and cash equivalents       \$ 12,291,680       \$ 10,047,533         Restricted cash and cash equivalents       1,421,895       1,912,190	Cash and cash equivalents and restricted cash consist of:		
Restricted cash and cash equivalents 1,421,895 1,912,190			
•	Cash and cash equivalents	4	6 40 047 500
\$ 13,713,575 \$ 11,959,723		\$ 12,291,680	\$ 10,047,533
	Restricted cash and cash equivalents	1,421,895	1,912,190

#### **NOTE 1: DESCRIPTION OF THE ORGANIZATION**

The Community Development Corporation of Brownsville (dba: cdcb | come dream. come build) and Affiliates (collectively, "cdcb") is a private, Section 501(c) (3) nonprofit community housing development organization. Founded in 1974, cdcb has been providing affordable housing primarily to the citizens of southern Cameron County, Texas. cdcb is one of the largest nonprofit producers of single-family affordable housing for homeownership in the state of Texas. cdcb is governed by 13-person community-based board of directors that serves on a volunteer basis to determine policy for cdcb.

cdcb assists low-income families to grow wealth through the development of affordable housing for homeowners and renters, education through YouthBuild and Financial training, and lending through the origination of safe and secure lending products. cdcb's mission statement reads, "cdcb is a multi-faceted affordable housing organization devoted to utilizing collaborative partnerships to create sustainable communities across the Rio Grande Valley through quality education, model financing, efficient home design, and superior construction."cdcb is not considered a component unit of the City of Brownsville, Texas or Cameron County, Texas.

### Affiliates (Partnerships)

The accompanying consolidated financial statements include the following: RGV Casitas, Inc. ("RGV Casitas"), which was formed on April 25, 2012 and Every Step Counts ("Every Step Counts"), which was formed on April 23, 2018.

RGV Casitas was formed for the purpose of providing real estate brokerage services for low-to moderate-income level families. RGV Casitas is 100% owned by cdcb and its financial results are consolidated with cdcb's financial statements.

Every Step Counts was formed for the purpose of providing rent services for low-to-moderate-income level families. Every Step Counts is 100% owned by cdcb and its financial results are consolidated with cdcb's financial statements.

Other affiliates accounted for using the equity method of accounting include the following:

Paloma Living (wholly owned by cdcb) was formed to be the general partner of cdcb/CCHA Paloma, LC (the "Paloma Partnership"), which was formed on February 25, 2011. The Paloma Partnership was formed to develop, construct, lease, maintain, and operate a multifamily apartment complex consisting of 56 single-family homes intended for rental to persons of low and moderate income, to be known as La Hacienda Casitas. The Paloma Partnership was also formed in order to obtain housing tax credits from the Texas Department of Housing and Community Affairs. The housing tax credits are given to encourage the development and preservation of appropriate types of rental housing for households that have difficulty finding suitable, accessible, and affordable rental property in the private marketplace. The limited partners are Hudson SLP, LLC (the Paloma special limited partner); Hudson La Hacienda, LLC (the Paloma investor limited partner); and Sandra Williams (the Class A limited partner). The Paloma Partnership will operate until December 31, 2072, or until its earlier dissolution or termination. Profits and losses from operations and low-income tax credits in any one year are allocated 99.97% to the investor limited partner and 0.01% to each other partner.

### **NOTE 1: DESCRIPTION OF THE ORGANIZATION (Continued)**

### Affiliates (Partnerships) (Continued)

Paloma Living's investment in the Paloma Partnership is accounted for using the equity method of accounting since the limited partners have substantive participating rights and, therefore, the general partner does not fully control the Paloma Partnership. Under the equity method of accounting, the Paloma Partnership's accounts are not reflected within cdcb's consolidated statements of financial position and consolidated statements of activities; however, Paloma Living's share of the earnings or losses of the Paloma Partnership is reflected as investment income (loss) in the consolidated statements of activities.

Los Olmos GP, LLC (wholly owned by cdcb) was formed to be the general partner of Los Olmos, LP (the "Los Olmos Partnership"), which was formed on September 15, 2014. The Los Olmos Partnership was formed to develop, construct, lease, maintain, and operate a multifamily apartment complex consisting of 80 single-family homes intended for rental to persons of low and moderate income, to be known as Casitas Los Olmos. The Los Olmos Partnership was also formed in order to obtain housing tax credits from the Texas Department of Housing and Community Affairs. The housing tax credits are given to encourage the development and preservation of appropriate types of rental housing for households that have difficulty finding suitable, accessible, and affordable rental property in the private marketplace. The limited partners are Hudson SLP, LLC (the Los Olmos special limited partner) and Hudson Casitas, LLC (the Los Olmos investor limited partner). The Los Olmos Partnership will operate until dissolution or termination. Profits and losses from operations and low-income tax credit in any one year are allocated 99.99% to the Los Olmos investor limited partner and 0.01% to each other partner.

Los Olmos GP, LLC's investment in the Los Olmos Partnership is accounted for using the equity method of accounting since the limited partners have substantive participating rights and, therefore, the general partner does not fully control the Los Olmos Partnership. Under the equity method of accounting, the Los Olmos Partnership's accounts are not reflected within cdcb's consolidated statements of financial position and consolidated statements of activities; however, Los Olmos GP, LLC's share of the earnings or losses of the Los Olmos Partnership is reflected as investment income (loss) in the consolidated statements of activities.

Casitas Azucar GP, LLC (wholly owned by cdcb) was formed to be the general partner of Casitas Azucar, LP (the "Casitas Azucar Partnership"), which was formed on August 8, 2018. The Casitas Azucar Partnership was formed to develop, construct, lease, maintain, and operate a multifamily apartment complex consisting of 50 single-family homes intended for rental to persons of low and moderate income, to be known as Casitas Azucar. The Casitas Azucar Partnership was also formed in order to obtain housing tax credits from the Texas Department of Housing and Community Affairs. The housing tax credits are given to encourage the development and preservation of appropriate types of housing for households that have difficulty finding suitable, accessible, and affordable rental property in the private marketplace. The limited partner is NEF Assignment Corporation (the Casitas Azucar limited partner). The Casitas Azucar Partnership will operate until dissolution or termination. Profits and losses from operations and lowincome tax credits in any one year are allocated 99.99% to the Casitas Azucar limited partner and 0.01% to the general partner.

### **NOTE 1: DESCRIPTION OF THE ORGANIZATION (Continued)**

### Affiliates (Partnerships) (Continued)

The Casitas Azucar GP, LLC's investment in the Casitas Azucar Partnership is accounted for using the equity method of accounting since the limited partner has substantive participating rights and, therefore, the general partner does not fully control the Casitas Azucar Partnership. Under the equity method of accounting, the Casitas Azucar Partnership's accounts are not reflected within cdcb's consolidated statements of financial position and consolidated statement of activities; however, Casitas Azucar GP, LLC's share of the earnings or losses of the Casitas Azucar Partnership is reflected as investment income (loss) in the consolidated statements of activities.

Casitas Lantana GP, LLC (wholly owned by cdcb) was formed to be the general partner of Casitas Lantana, LP (the "Partnership"), which was formed on November 19, 2019. The Casitas Partnership was formed to develop, construct, lease, maintain, and operate a multifamily apartment complex consisting of 80 single-family homes intended for rental to persons of low and moderate income, to be known as Casitas Lantana. The Casitas Lantana Partnership was also formed in order to obtain housing tax credits Texas Department of Housing and Community Affairs. tax credits are given to encourage the development and preservation of appropriate types of ren tal housing for households that have difficulty finding suitable, accessible, and affordable rental property in the private marketplace. The limited partner is MS Single Investor Fund VII, LLC (The Casitas Lantana investor limited partner). The Casitas Lantana Partnership will operate until dissolution or termination. Profits and losses from operations and low-income tax credits in any one year are allocated 99.99% to the Casitas Lantana limited partner and 0.01% to the general partner.

The Casitas Lantana GP, LLC's investment in the Casitas Lantana Partnership is accounted for using the equity method of accounting since the limited partner has substantive participating rights and, therefore, the general partner does not fully control the Casitas Lantana Partnership. Under the equity method of accounting, the Casitas Lantana Partnership's accounts are not reflected within cdcb's consolidated statements of financial position and consolidated statement of activities; however, Casitas Lantana GP, LLC's share of the earnings or losses of the Casitas Lantana Partnership is reflected as investment income (loss) in the consolidated statements of activities.

A summary of the significant accounting policies followed by cdcb in the preparation of the accompanying consolidated financial statements is set forth below.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Use of Estimates**

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cdcb considers cash in bank deposit accounts, certificates of deposit with original maturities of three months or less, repurchase agreements, and money market accounts to be cash and cash equivalents.

cdcb entered into agreements with various banks, which allow excess cash funds to be transferred from cdcb's deposit accounts at the banks into overnight repurchase agreements. Transactions under these agreements are completed by the next business morning. As these short-term investments have original maturities of three months or less, these investments are considered to be cash equivalents.

#### **Restricted Cash**

Amounts included in restricted cash represent those required to be set aside by contractual agreements. Restricted cash and cash equivalents are escrow accounts relating to mortgage loans and cash held for deposit for property tax assessments for the La Hacienda Casitas apartment complex.

#### Mortgage Loans, Grants, and Other Receivables

Mortgage loans, grants receivable and other receivables are stated at the amount management expects to collect from outstanding balances. All mortgage loans are secured by first and/or second liens on the properties.

Receivables are stated at unpaid balances, less an allowance for credit losses. The allowance for credit losses is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. Receivables are written off when deemed uncollectible. Subsequent recoveries, if any, are credited to the allowance. The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

As of September 30, 2024, and 2023, an allowance for credit losses was not established for mortgage loans, grants, and other receivables outstanding as management believes these amounts to be fully collectible.

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Developer Fee Receivable

cdcb uses the percentage-of-completion method for multi-family construction projects. The company recognizes revenues, expenses, and profit each period during the life of the contract in proportion to the amount of the contract completed during the period. It also increases the value of the inventory, so that inventory is reported at the costs incurred plus the profit recognized to date (minus any partial billings).

#### **Investments**

cdcb reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

### **Investment in Homes and Land Development Projects**

Investment in homes and land development projects is reported at cost. A substantial portion of the costs capitalized pertain to the cost paid to acquire and develop the land. Other costs include interest capitalized during the development period and interim construction advances to homebuilders for home construction.

### Inventory

Inventory consists of raw materials used in the construction of modular homes and semi-finished modular home projects. Inventory is stated at the lower of cost or net realizable value, with cost determined using the first-in, first-out (FIFO) method. Raw materials include items such as lumber, hardware, and other construction supplies, while semi-finished modular homes include direct costs of materials, labor, and overhead incurred during the construction process.

Net realizable value is defined as the estimated selling price in the ordinary course of business, less estimated costs to complete and sell the inventory. Inventory is reviewed periodically for obsolescence or impairment, and any necessary adjustments are recognized in the period they occur. Inventory expected to be utilized or sold within the normal operating cycle of the organization is classified as current on the statement of financial position.

### **Property and Equipment**

Property and equipment acquisitions are capitalized at cost when purchased, or, if donated, at the approximate fair value at the date of donation. Depreciation is calculated on the straight-line method based on the following estimated useful lives: building and improvements – 25 to 30 years; vehicles – 3 years; computer equipment – 3 to 5 years; and furniture and fixtures – 3 to 10 years. cdcb follows a capitalization policy for fixed assets of \$5,000.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Impairment of Long-Lived Assets

cdcb reviews the carrying value of assets for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected cash flows are less than the carrying value, impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, completion, and other economic factors. cdcb did not recognize an impairment loss during the years ended September 30, 2024 and 2023.

#### **Net Assets**

cdcb reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the cdcb, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor for resources to be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

### **Contributions and Grants**

In accordance with the *Not-for-Profit Entities* topic of the ASC, contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of time or purpose restrictions.

cdcb recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Contributions and Grants (Continued)**

A portion of cdcb's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. These benefits received by the public as a result of the assets transferred is not equivalent to commensurate value received by the federal, state, or local agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Amounts received are recognized as revenue when cdcb has incurred expenditures in compliance with specific contract or grant provisions.

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. cdcb received grants with advance payments of \$5,514,822 that have not been recognized at September 30, 2024 (\$6,331,478 in 2023) because qualifying expenditures have not yet been incurred are recognized in the consolidated statements of financial position as refundable advances.

### Revenue Recognition

Home and lot sales, net fees, management fees and payments under developer fee agreements are accounted for under ASC Topic 606, *Revenue from Contracts with Customers (ASC 606)*, recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, cdcb recognized revenue when persuasive evidence of an arrangement existed, delivery of products or services had occurred, the sales price was fixed or determinable and collectability was reasonably assured. The accompanying consolidated statements of activities show those disaggregated revenue streams for the year ended September 30, 2024 and 2023.

Revenue related to home and lot sales and net fees are generally recognized when the performance obligation is met, which is considered to be satisfied at a point in time of the closing of the sale, when title to and possession of the property are transferred to the buyer. Management fees and payments under developer fee agreements are recognized when the performance obligation are met, which are considered to be satisfied over time as services are rendered.

Differences in the timing of revenue recognition and contractual billing and payment terms result in the recognition of contract assets and liabilities. Contract assets primarily result from developer fee contracts and represent revenues recognized for performance obligations that have been satisfied but for which amounts have not been billed. Contract liabilities or deferred revenue primarily represent cash received that is in excess of revenues recognized and is contingent upon the satisfaction of performance obligations. Any amounts from home and lot sales, net fees, management fees and payments under various contracts that are received in advance are deferred and recognized upon satisfaction of performance obligations. No contract assets or liabilities were reported as of September 30, 2024 and 2023.

Rental income related to rent services for low-to-moderate income families is accounted for under Accounting Standards Codification (ASC) 842, *Leases*. The leases meet the classification of operating leases and rental income is recorded on a monthly basis through the terms of rental agreements.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Functional Allocation of Costs**

The costs of providing the program and other activities have been summarized based on programs administered by cdcb in the consolidated statements of activities. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of facilities are allocated across functional areas based on a fixed percentage.

#### **Annual and Personal Leave**

Annual and personal leave is provided to all full-time employees. The amount of annual and personal days earned by and paid to the employee is based upon the number of years of service. Annual leave days earned range from 5 to 15 days. Personal leave days earned range from 0 to 8 days. At the end of each fiscal year, cdcb will pay the employee for any unused annual leave up to a maximum of 10 days and unused personal leave up to a maximum of 8 days. Accordingly, no accrual is reflected in the accompanying consolidated financial statements.

#### **Income Taxes**

cdcb is exempt from federal income taxes pursuant to provisions of Section 501(c)(3) of the Internal Revenue Code ("IRC"). Therefore, no provision for income taxes has been made in the consolidated financial statements.

cdcb utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the taxing authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of September 30, 2024, and 2023, cdcb has no uncertain tax provisions that qualify for recognition or disclosure in the consolidated financial statements. cdcb believes it is no longer subject to income tax examinations for years prior to 2019.

#### Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 18, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Newly Adopted Accounting Pronouncement**

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize right to use assets and lease liabilities on the consolidated statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The adoption of this standard did not have any impact on cdcb's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The impact of the adoption of ASU 2016-13 did not have any impact on cdcb's consolidated financial statements.

### **NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

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

September 30,	2024		2023
Cash and cash equivalents	\$ 12,291,680	\$	10,047,533
Restricted cash and cash equivalents	1,421,895	-	1,912,190
Receivables			
Grants receivable	496,956		1,094,916
Financial assets, at year end	\$ 14,210,531	\$	13,054,639
Less those not available for general expenditures within one year,			
due to contractual or donor-imposed restrictions			
Net assets with donor restrictions	(83,347)		(82,598)
Cash restricted for NMTC, AFI and ESC	(381,633)		(1,005,231)
Escrow deposits	(1,602,312)		(219,502)
Financial assets available to meet cash needs for general			
expenditures within one year	\$ 12,143,239	\$	11,747,308

#### **NOTE 4: CASH AND CASH EQUIVALENTS**

A summary of cash and cash equivalents is as follows:

September 30,	2024	2023
Bank deposits	\$ 12,029,146	\$ 1,885,024
Certificates of deposit	1,296,890	1,284,965
Repurchase agreements	327,315	8,729,510
Tax guarantee reserve	60,224	60,224
Total	\$ 13,713,575	\$ 11,959,723

Restricted cash and cash equivalents represent escrow accounts relating to mortgage loans and cash held for deposit for property tax assessments for the La Hacienda Casitas apartment complex.

#### NOTE 5: MORTGAGE LOANS AND OTHER LONG-TERM RECEIVABLES

cdcb services different in-house loan products, including the Affordable Housing Loan Program ("AHLP"), the Rural and Colonia Loan Program ("RCLP"), Neighborhood Stabilization Program ("NSP2"), the MiCASiTA Loan and the CASA Loan ("CASA").

AHLP, CASA, and RCLP loan products are made to low-income individuals seeking new or replacement housing in conjunction with Rio Grande Valley MultiBank (RGVMB), a United States Treasury Certified Community Development Financial Institution (CDFI) through which 9 stockholder institutions provide up to 70% to 85% of the permanent mortgage financing for each AHLP and CASA loan and 50% for each RCLP loan originated, with public funds providing the remaining 15% to 50% depending on the loan product. NSP2 loans are 0%, 30-year loans originated by cdcb utilizing NSP2 funds. All loans were for clients earning less than 50% of the area median family income. MiCASiTA Loans are funded through a line of credit with Texas State Affordable Housing Corporation and other public and private financing.

cdcb ensures all security loan documentation is prepared correctly by its attorney and all records of individual home mortgage loans are set up on its computerized loan ledger system. All loan servicing, including receiving/recording payments, escrow collection, escrow tax and insurance payments, assessments, statements, and reconciliations are performed by cdcb. In addition, a Loan Servicing Administrator of cdcb, in conjunction with a HUD- certified housing counselor, issues letters of delinquency and negotiates special circumstance payment situations.

### NOTE 5: MORTGAGE LOANS AND OTHER LONG-TERM RECEIVABLES (Continued)

AHLP and CASA notes payable to participating financial institutions or the RGVMB CDFI are collateralized by whole mortgage loans, or first lien mortgage loans, based on 100% of the loan amount, of which financial institutions or the RGVMB funds 70% to 85% of the loan amount. On AHLP and RCLP, the federal, state, or local funds that provide for the other 20% of the mortgage to 50% of the mortgage funds is repayable, but the repayment is deferred until the financial institution has been paid. The financial institution receives all principal and interest from the payment stream first and an assignment of all collateral. Upon payoff of the financial institution's interest, the collateral is transferred back to cdcb for collection of the remaining balance. On the CASA, the 30% to 15% is fully repayable over the full 30-year amortization of the loan.

RCLP offers the borrower a 3.5%, twenty-year, fixed-rate loan. Four financial institutions, through RGVMB, each purchase participation shares in each loan pool, equal to 12.5% of the 50.0% of each loan pool. Each loan pool is secured by the real estate collateral. In addition, each loan pool carries a fully funded "loan loss reserve" equal to 12% of the 50% of the financial institution's share in each pool, as well as a "payment reserve" equal to three months of principal and interest on each individual loan held in the pool. These reserves are held by RGVMB, as detailed in the program agreement.

The MiCASiTA Loan is funded in part by a \$1,000,000 line of credit with the Texas State Affordable Housing Corporation (TSAHC) for loans in the rural and colonia areas of the border. TSAHC funds up to 95% or less of each mortgage at 3% to 3.75% for 30 years.

During 2018, cdcb was approved as a seller/servicer to sell and service mortgages for Freddie Mac. Accordingly, cdcb has recorded these as mortgage loans receivable and a corresponding liability. The mortgage loans receivable on these homes as of September 30, 2024, totaled \$1,924,000 (\$2,034,127 in 2023). During 2020, cdcb was approved as a seller/servicer to sell and service mortgages for Fannie Mae. Accordingly, cdcb has recorded these as mortgage loans receivable and a corresponding liability. The mortgage loans receivable on these homes as of September 30, 2024, totaled \$4,652,760 (\$3,424,758 in 2023).

Mortgage loans and other long term receivables outstanding are as follows:

September 30,	2024		2024		2024 2023	
AHLP	\$	32,111	\$	23,747		
Mi Casita		-		932,886		
Fannie Mae		4,652,760		3,424,758		
Lots receivable		114,930		185,554		
NSP2		1,498,290		1,621,042		
CASA		12,657,793		9,838,960		
Revolving loan fund		8,080		32,444		
Freddie Mac	1,924,000		1,924,000			2,034,127
Other long-term receivables		4,586,030		413,068		
Total mortgage loans and other long-term receivables	\$	25,473,994	\$	18,506,586		

Other receivables (current and long-term) of \$4,769,396 are further disclosed in Note 14.

#### NOTE 6: INVESTMENT IN HOMES AND LAND DEVELOPMENT PROJECTS

Rural and urban affordable housing subdivisions are developed by cdcb through raw land acquisition and infrastructure development, or cdcb acquiring improved lots from private-sector developers through multiphase purchase agreements. Interim construction financing made available to cdcb is re-loaned by cdcb to its subdivision homebuilders at cdcb's pass-through interest rate. Investment in homes and land development projects is reported at cost. A substantial portion of the costs capitalized pertain to the cost paid to acquire and develop the land. Other costs include interest capitalized during the development period, grant advances, and interim construction advances to homebuilders for home construction.

Investment in home and land development projects is as follows:

September 30,	2024	2023
Investments in subdivisions Investments in projects	\$ 4,660,217 7,911,689	\$ 4,778,006 5,361,671
Total investments in real estate and land development projects:	\$ 12,571,906	\$ 10,139,677

Management has determined that \$364,018 and \$2,052,083 are homes and lots currently in the process of being sold by the year ending September 30, 2025 and 2024, respectively.

Pre development costs of \$79,737 and \$1,488,155 represent homes and land development projects funded under the New Market Tax Credit for the year ending September 30, 2024 and 2023, respectively. Management has determined that \$79,737 and \$1,189,201 are homes and lots currently in the process of being sold by the year ending September 30, 2025 and 2024, respectively.

#### **NOTE 7: INVESTMENT IN PARTNERSHIPS**

Pursuant to the Paloma Partnership, Los Olmos Partnership, Casitas Azucar Partnership, and Casitas Lantana Partnership agreements described in Note 1, cdcb did not receive a capital distribution from the Partnerships as of September 30, 2024 and 2023.

Investment in partnerships is accounted for under the equity method. The investment is initially recorded at cost, and is then increased or decreased by the proportionate share of the partnership's net earnings or losses.

#### **Guarantees**

As also described in Note 1, cdcb is the sole member of Paloma Living. In accordance with the Paloma Partnership agreement, cdcb has the following guarantees:

- Funds necessary to pay operating deficits of no more than \$200,000 (\$72,829 in 2024 and \$0 in 2023).
- Permanent loan in the amount of \$900,000 (\$614,704 and \$628,390, respectively, outstanding at September 30, 2024 and 2023).

### **NOTE 7: INVESTMENT IN PARTNERSHIPS (Continued)**

As also described in Note 1, cdcb is the sole member of Los Olmos Partnership. In accordance with the Los Olmos Partnership agreement, cdcb has the following guarantees:

- Payment of excess development costs.
- Funds necessary to pay operating deficits of no more than \$352,353 (\$0 and \$192,737 outstanding as of September 30, 2024 and 2023).
- Bridge loan in the amount of \$118,368 (\$0 outstanding as of September 30, 2024 and 2023).
- Permanent loan in the amount of \$2,525,000 (\$2,286,961 and \$2,245,185, respectively, outstanding at September 30, 2024 and 2023).
- NeighborWorks loan in the amount of \$180,000 (\$180,000 outstanding as of September 30, 2024 and 2023).
- NSP Sponsor loan in the amount of \$131,800 (\$131,800 outstanding at September 30, 2024 and 2023).
- Seller loan in the amount of \$286,200 (\$286,200 outstanding at September 30, 2024 and 2023).

As also described in Note 1, cdcb is the sole member of Casitas Azucar. In accordance with the Casita Azucar Partnership Agreement, cdcb has the following guarantees:

- Operating Deficit Guaranty. The General Partner shall be required, upon the reduction of the Operating Reserve Account to zero, to promptly provide funds to the Partnership from time to time as needed in an amount up to the Operating Deficit Guaranty Amount for Operating Deficits occurring during the Operating Deficit Guaranty Period. Repayment of any letters of credit or other borrowings arranged by the General Partner to meet its obligations under this Section 6.4.6(ii) shall be the sole obligation of the General Partner. Subject to the last sentence of this section, funds made available by the General Partner to fulfill its obligations pursuant to this Section 6.4.6(ii) shall be accounted for as unsecured loans to the Partnership by the General Partner and may be reimbursed to the General Partner, without interest, in accordance with Section 5.1 hereof, or out of the proceeds of refinancing or sale pursuant to Section 5.2 hereof. If the Operating Deficits overruns are due to the gross negligence or willful misconduct of the General Partner, then any guaranty advances made by the General Partner to cover such costs shall be deemed to be capital contributions.
- \$161,121 is the operating reserve cdcb guarantees.
- BBVA Construction loan in the amount of \$4,807,837 (\$0 and \$4,807,837, respectively, outstanding as of September 30, 2024 and 2023) and TDHCA Home loan in the amount of \$1,600,000 (\$1,509,539 and \$837,394, respectively, outstanding as of September 30, 2024 and 2023).

As also described in Note 1, cdcb is the sole member of Casitas Lantana. In accordance with the Casita Lantana Partnership Agreement, cdcb has the following guarantees:

- Sponsor loan in the amount of \$387,000 (\$387,000 outstanding at September 30, 2023).
- Payment of excess development costs
- Funds necessary to pay operating deficits of no more than \$306,508 (\$306,508 outstanding as of September 30, 2024 and \$91,867 as of September 30, 2023).
- Permanent loan in the amount of \$9,738,000 (\$1,812,184 and \$9,124,186, respectively, outstanding as of September 30, 2024 and 2023).

#### **NOTE 8: INVESTMENT IN JOINT VENTURES**

Community Development Corporation of Brownsville invested, along with three other Housing Partnership Network, Inc. members, in a partnership (HPN Leverage VII, LLC) with 25% ownership to take advantage of New Market Tax Credit (NMTC) financing. NMTC financing allows an entity to receive a loan or investment capital from outside investors, who will receive new markets tax credits to be applied against their federal tax liability. As a result, the cdcb has invested \$5,075,653 and was able to secure two 20-year loans each in the amount of \$3,412,500 payable to a community development entity. The qualified census tract (QCT) loan proceeds are to be used solely for the purpose of acquiring, rehabbing and/or constructing single-family homes in QCTs and selling at least 20% of such homes to low-income persons. The targeted population (TP) loan proceeds are to be used solely for the purpose of acquiring, rehabbing and/or constructing single-family homes and selling at least 60% of such homes to low-income persons. The loan accrues interest only for years 1 through 7 at a reduced rate of 0.743760% per year. Beginning in year 8 through year 20 the principal balance of the loan is reduced by a twelve-year amortization at the same rate of 0.743760%.

#### Investment in HPN Leverage VII, LLC

In 2021 cdcb participated in a New Markets Tax Credit (NMTC) program. The program provides funds to eligible organizations for investment in "qualified low-income community investment". Program compliance requirements included creation of a promissory note and investment in a qualified community development entity (CDE). Tax credit recapture is required if compliance requirements are not met over a seven-year period.

In 2021 cdcb recorded its 25% investment in HPN Leverage VII, LLC at the cost of \$5,075,653. In June 2028, Twain Investment Fund 554, LLC (the Fund), and the upstream effective owner of HPN NMTC VII, LLC (holder of the promissory note due from cdcb) is expected to exercise its put option. Under the terms of the put option agreement HPN Leverage VII, LLC is expected to purchase the ownership interest of the Fund. Exercise of the option will effectively allow cdcb to extinguish its outstanding debt owed to the Fund.

#### **NOTE 9: LONG-TERM INVESTMENTS**

Long-term investments consist of the following:

September 30,	2024	2023
Investment in HPN Leverage II, L.L.C (New Market Tax Credit Joint Venture)	\$ -	\$ 3,352,682
Investment in HPN Leverage VII, L.L.C (New Market Tax Credit Joint Venture)	5,075,653	5,075,653
Investment in Casitas Azucar - (Multi Family Developments)	127,500	127,500
Investment in Casitas Lantana- (Multi Family Developments)	380,000	380,000
RGV Multibank Stock 95,538 shares	200,000	200,000
Total Long-term investments	\$ 5,783,153	\$ 9,135,835

### NOTE 10: PROPERTY AND EQUIPMENT, NET AND RENTAL PROPERTIES, NET

Property and equipment, net consists of the following:

September 30,	2024	2023
Building and Improvements	\$ 2,402,153	\$ 1,539,732
Land	66,000	66,000
Vehicles	149,591	136,091
Computer Equipment	267,951	335,951
Furniture and Fixtures	17,279	17,279
	2,902,974	2,095,053
Less accumulated depreciation	1,470,171	1,392,527
Property and equipment, net	\$ 1,432,803	\$ 702,526
		_
Rental properties, net consists of the following:		
September 30,	2024	2023
Building and Improvements	\$ 8,047,206	\$ 5,397,320
Land	596,867	546,753
Furniture and Fixtures	84,272	84,272
	8,728,345	6,028,345
Language and the state of the s		020 160
Less accumulated depreciation	1,039,635	839,169

Total depreciation expense for the years ended September 30, 2024, and 2023 was \$278,110 and \$258,711, respectively.

#### **NOTE 11: NOTES RECEIVABLES**

At December 31, 2013, cdcb entered into a note receivable totaling \$665,602 as part of a match for a Community Development Financial Institution Program with an interest rate of 0.00%, which is due in December of 2043. The balance as of September 30, 2024 totaled \$665,602 (\$665,602 in 2023).

In November of 2015, cdcb entered into a note receivable totaling \$286,200, as part of the Los Olmos Partnership agreement. The note is due in December of 2057 with an interest rate of 2.57%. The balance as of September 30, 2024 totaled \$286,200 (\$286,200 in 2023).

In November of 2015, cdcb entered into a note receivable totaling \$180,000, as part of the Los Olmos Partnership agreement with an interest rate of 0.00% and due in December of 2057. The balance as of September 30, 2024 totaled \$180,000 (\$180,000 in 2023).

In November of 2015, cdcb entered into a note receivable totaling \$131,800 as part of the Los Olmos Partnership agreement with an interest rate of 0.00% and is due in December of 2057. The balance as of September 30, 2024 totaled \$131,800 (\$131,800 in 2023).

### **NOTE 11: NOTES RECEIVABLES (continued)**

In October of 2020, cdcb entered into a note receivable totaling \$387,000 as part of the Casitas Lantana Partnership agreement with an interest rate of 0.00% and is due in October of 2040. The balance as of September 30, 2024 totaled \$387,000 (\$387,000 in 2023).

In February of 2022, cdcb entered into a revolving line of credit totaling \$170,000 for purposes of providing working capital to borrower with an interest rate of prime with a 4.25% ceiling and a floor of 2% and is due in February 2025. The balance as of September 30, 2024 totaled \$170,000 (\$140,000 in 2023).

In August 2024, cdcb entered into a note receivable with Frontier Housing Inc. totaling \$250,000 with an interest rate of 2% and due date of August 1, 2026. The balance as of September 30, 2024 totaled \$250,000.

#### **NOTE 12: DEVELOPER FEE RECEIVABLES**

cdcb was the developer of La Hacienda Casitas apartment complex. Construction has been completed as of September 30, 2024. The total developer fee was \$926,733, which is payable by the Paloma Partnership in accordance with the development agreement dated September 12, 2012. Total developer fee receivable was \$431,426 at September 30, 2024 (\$431,426 in 2023).

cdcb is the developer of Los Olmos Casitas apartment complex. Construction has been completed as of September 30, 2024. The total developer fee is \$1,095,849, which is payable by the Los Olmos Partnership in accordance with the development agreement dated September 15, 2014. Total developer fee receivable was \$1,095,849 at September 30, 2024 and 2023.

cdcb is the developer of the Casitas Azucar apartment complex. Construction has been completed as of September 30, 2024. The total developer fee is \$933,000, which is payable by the Casitas Azucar Partnership in accordance with the development agreement dated July 25, 2019. Total developer fee receivable was \$690,778 at September 30, 2024 and 2023.

cdcb is the developer of the Casitas Lantana apartment complex. Construction has not been completed as of September 30, 2024. The total developer fee is \$1,625,000, which is payable by the Casitas Lantana Partnership in accordance with the development agreement dated October 1, 2020. Total developer fee receivable was \$1,360,073 at September 30, 2024 (\$1,625,000 in 2023).

**NOTE 13: GRANTS RECEIVABLES** 

Grants receivable consist of the following:

September 30,	2024			2023	
BISD	\$	3,429	\$	13,638	
Cameron County Emergency Rental Assistance 1		-		23,115	
Cameron County-Rental Assistance		1,868		300,353	
City Of Brownsville		32,882		24,401	
City Of Brownsville Dap		97,000		270,750	
City Of Brownsville-Rental Assistance		53,043		11,838	
COL SH HOMES		136,362		8,960	
CSH22		13,725		10,148	
DOL III		7,329		-	
F53-ACORP		39,634		55,703	
Grantor RDY11		32,726		41,166	
HAF		-		198	
HUD Counseling Grant		-		31,185	
Nueces County CSH		28,538		-	
RAPIDO		25,000		-	
RD Innovation Challenge		-		9,135	
RPN		22,630		296	
SF DEV LF		-		88,917	
SF Development Homes/SF DEV LF		-		164,164	
State Home		-		40,949	
United Way		2,791		-	
Total grants receivable	\$	496,956	\$	1,094,916	

### **NOTE 14: OTHER RECEIVBALES**

Other receivables consist of the following:

September 30,	2024	2023
Lantana Right Size Loan Receivable	\$ 1,115,151 \$	-
Deferred loans	874,092	422,054
Low income housing project receivables	2,644,127	1,685,155
DreamBuild	136,026	-
Total other receivables	\$ 4,769,396 \$	2,107,209

Other receivables represent amounts due from various limited partnerships in which cdcb is considered to be the general partner. The partnerships acquire, develop, and operate low-income housing projects. The amounts due represent certain expenditures paid by cdcb for insurance and other project costs. The amounts are carried as another receivable until the projects have sufficient cash flows or until completion of the fifteen-year compliance requirement for the low income housing projects.

### **NOTE 15: PREPAIDS AND OTHER ASSETS**

Prepaids and other assets consists of the following as of September 30:

September 30,	2024	2023
Prepaid expenses	\$ 161,390 \$	155,359
Other	302,703	63,909
New Market Tax Credits:		
Affiliate guarantee fee, net	215,356	239,652
Transaction costs, net	(237,036)	(95,570)
Recapture guaranty, net	216,000	216,000
Total prepaids and other assets	\$ 658,413 \$	579,350

Other assets related to the new market tax credit transactions are amortized, straight-line over the life of the new market tax credit compliance period. The total accumulated amortization at September 30, 2024 and 2023 was \$555,849 and \$390,086 respectively.

### **NOTE 16: NET ASSETS**

A summary of net assets without donor restrictions follows:

September 30,	2024		2023	
Undesignated	\$ 24,090,918	\$ 21,560,423		
Net assets with donor restrictions consist of the following:				
September 30,	2024		2023	
Time restricted Purpose restricted	\$ 29,397	\$	29,397	
Colonia revolving	53,950		53,201	
Total net assets with donor restrictions	\$ 83,347	\$	82,598	
Net assets released from restrictions consist of the following:				
Years ended September 30,	2024		2023	
Fulfillment of use restrictions	\$ 2,055,059	\$	4,085,612	

2024

2023

### **NOTE 17: LONG-TERM DEBT**

September 30,

Area banks and RGVMB supply cdcb with various types of financing for its housing programs. For land acquisition of raw land or improved lots, the financial institutions provide funds for land/lot purchase (acquisition notes payable). For infrastructure development on raw land, the financial institutions provide infrastructure development financing (development notes payable), and for interim construction financing for the construction of new, single-family homes, the financial institutions provide interim construction financing (interim construction notes payable).

september 50,	2024	2023
Lines of Credit		
The cdcb maintains a line of credit agreement with Rio Grande Valley Multibank. Available borrowings related to the agreement are \$12,000,000 with an interest rate at the FHLB 20-30 year rate plus 2.00%. Each advance is to be evidenced by an individual promissory note executed by cdcb and secured by the assignment of mortgage loans.	\$ 11,439,887	\$ 8,464,748
The cdcb maintains a line of credit agreement with Texas State Affordable Housing Corporation. Available borrowings related to the agreement are \$1,000,000 with an interest rate of 1.50%, secured by the assignment of program loans. Interest is paid quarterly. All outstanding principal and accrued interest shall be payable on the maturity date, April 16, 2024.	-	923,073
The cdcb maintains a line of credit agreement with Housing Partnership Fund, Inc. Available borrowings related to the agreement are \$1,500,000, with an interest rate of 4.75%. The line of credit is unsecured. All outstanding principal and interest is due and payable on May 20, 2025.	1,500,000	1,500,000
The cdcb maintains a line of credit agreement with International Bank of Commerce. Available borrowings related to the agreement are \$1,000,000 with an interest rate at the New York Prime Rate as it fluctuates from time to time. The current interest rate is 8.00%. The note is collateralized by an assignment of mortgage notes receivable. The credit line expires	425.022	05.000
on October 23, 2024.	125,033	95,029
Total lines of credit	\$ 13,064,920	\$ 10,982,850

### **NOTE 17: LONG-TERM DEBT (Continued)**

	2024		2023
\$	-	\$	345,369
	250,000		250,000
	-		287,407
	-		4,875,000
	3,412,500		3,412,500
t	3,412,500		3,412,500
	1,253,775		1,286,402 ontinued-
		\$ - 250,000 - 3,412,500	\$ - \$ 250,000 - 3,412,500 : 1,253,775

### **NOTE 17: LONG-TERM DEBT (Continued)**

September 30,	2024	2023
Notes payable (continued)		
\$3,290,277 promissory note payable to Texas Regional Bank, with interest at 3.25%. Principal and interest are due in monthly installments starting February 23, 2022 through February 23, 2032, maturity date. Loan is secured by Deed of Trust.	3,218,799	3,260,928
\$250,000 promissory note payable to Cameron County Housing Finance Corporation, with interest at 1%. Principal and interest are due in monthly installments starting November 1, 2019 through November 1, 2029, maturity date. Loan is secured by Deed of Trust.	250,000	250,000
\$5,000,000 promissory note payable to HPN RW JF, with interest at 1.5%. Interest due in semi-annual installments starting June 1, 2024 through December 1, 2039, maturity date. Principal due in semi-annual installments beginning December 1, 2031. Loan is unsecured.	5,000,000	-
\$1,782,855 promissory note payable to Housing Assistance Council, with interest at 6.0%. Principal and interest are due in monthly installments starting October 1, 2024 through August 31, 2034, maturity date. Loan is secured by Deed of Trust.	1,782,855	-
\$658,612 promissory note payable to RGVMB for Sundance Apartments, with interest at 2.42%. Principal and interest payments are due monthly through August 23, 2029, maturity date.	657,364	_
Total notes payable	19,237,793	13,869,178
Total long-term debt Less current maturities	32,302,713 2,305,762	28,362,956 7,828,263
Total long-term portion of lines of credit and notes payable	\$ 29,996,951	\$ 20,534,693

### **NOTE 17: LONG-TERM DEBT (Continued)**

Aggregate maturities required on long-term debt at September 30, 2024 are as follows:

Year ending September 30,	
2025	\$ 2,305,762
2026	433,696
2027	435,509
2028	7,262,420
2029	1,268,609
Thereafter	20,596,717
	\$ 32,302,713

#### NOTE 18: NOTES PAYABLE HPN NMTC II, LLC

Included in long-term debt in Note 17 is the note to HPN NMTC II, LLC, of \$4,875,000. This debt requires interest only payments until August of 2024 at 0.6877985%. The loan matures in August of 2037. The loan is secured by substantially all the assets acquired by the cdcb from the project loan proceeds. Debt has a put option feature that is exercisable in August of 2024. The dissolution of the partnership occurred in August 2024, which was the end of the 7-year compliance period. The cancellation of debt and elimination of the investment in partnership was recognized in fiscal year 2024.

Included in long-term debt in Note 17 is the note to HPN NMTC VII, LLC, QCT Loan of \$3,412,500 and TP loan of \$3,412,500. This debt requires interest only payments until June of 2028 at 0.743760%. The loan matures in June of 2041. The loan is secured by substantially all the assets acquired by the cdcb from the project loan proceeds. Debt has a put option feature that is exercisable in June of 2028.

#### **NOTE 19: OTHER LIABILITIES**

cdcb received NSP2 monies for acquisition and rehabilitation of foreclosed homes. These NSP2 funds then provide mortgage financing for low-income families. Accordingly, cdcb has recorded these as mortgage loans and a corresponding liability. The other liabilities on these homes as of September 30, 2024 totaled \$1,501,170 (\$1,623,923 in 2023).

During 2018, cdcb was approved as a seller/servicer to sell and service mortgages for Freddie Mac. Accordingly, cdcb has recorded these as mortgage loans and a corresponding liability. The other liabilities on these homes as of September 30, 2024 totaled \$1,929,403 (\$2,036,926 in 2023).

During 2020, cdcb was approved as a seller/servicer to sell and service mortgages for Fannie Mae. Accordingly, cdcb has recorded these as mortgage loans and a corresponding liability. The other liabilities on these homes as of September 30, 2024 totaled \$4,600,367 (\$3,381,618 in 2023).

### **NOTE 19: OTHER LIABILITIES (Continued)**

Other liabilities of \$143,602 as of September 30, 2024 (\$163,615 in 2023) consist of unamortized guarantee fees paid by tax credit entities under the NMTC transactions entered into by cdcb. These fees are amortized over the life of the loan.

#### **NOTE 20: REVOLVING FUND**

cdcb received monies from various sources, which were originally recorded as grant income. These monies were subsequently loaned to cdcb clients and recorded as mortgage loans and other liabilities in accordance with cdcb's Rural Colonia Loan Program (RCLP). RCLP provides mortgage financing for low-income persons residing in rural and colonia areas in combination with funds provided through RGVMB. Collection of these mortgage loans will commence after RGVMB's participation debt has been satisfied. Revolving fund liabilities for this program at September 30, 2024 and 2023 totaled \$525,267.

cdcb received a Community Development Block Grant – State of Texas passed through Cameron County, Texas to fund minor repairs of homes for low-income families living in colonia areas. The funds were subsequently granted or loaned, with the loan amounts to be repaid over various maturities (five to ten years), interest-free. These funds, when repaid, are recorded in a revolving fund account. Accordingly, cdcb has recorded these as mortgage loans and a corresponding liability. Revolving fund liabilities at September 30, 2024 and 2023 totaled \$411,830.

### **NOTE 21: RETIREMENT PLAN**

cdcb has a defined contribution plan that covers all employees who have completed two years of service, as defined in the plan agreement. Contributions to the plan are at the discretion of the Board of Directors, subject to the maximum amount allowable pursuant to the provisions of the IRC. During the year ended September 30, 2024, contributions to the plan totaled \$207,997 (\$206,359 in 2023).

### **NOTE 22: CONCENTRATION OF CREDIT RISK**

Cash balances are maintained by cdcb at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to a maximum of \$250,000. At September 30, 2024, cash deposits exceeded this coverage limit.

Mortgage loans to purchase homes are made to low-income families located in Cameron County and Willacy County, Texas. To secure the mortgage loans, cdcb will accept a lien against the home. The borrower's ability to repay the mortgage loans and the value of the collateral are contingent upon a variety of economic factors affecting the area.

#### **NOTE 23: COMMITMENTS AND CONTINGENCIES**

<u>General</u> – In the ordinary course of business, cdcb may be subject to asserted and unasserted claims by third-party borrowers, vendors, and grantors. Should these matters arise, management will consult with legal counsel to determine the effects, if any, these claims may have on the consolidated financial statements. Further, liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable a liability has been incurred and the amount can be reasonably estimated. Management is of the opinion that no material liability will result from any unasserted or asserted claims.

<u>Grants</u> – cdcb receives a portion of its funding from federal programs that are governed by various rules and regulations of the grantors. The ultimate determination of amounts received under these programs is generally based upon allowable costs reported to the government. Until such reviews have been completed and final settlement reached, there exists a contingency to refund an amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such reviews.

<u>Other</u> — As of September 30, 2024, cdcb has \$20,887,964 in mortgage loans receivable outstanding (\$18,114,571 in 2023), \$12,571,906 in investment in homes and land development projects (\$10,139,677 in 2023) and \$79,737 in investment in homes and land development projects-NMTC (\$1,488,155 in 2023). Management is of the opinion that the net realizable values have not been impaired.

#### **NOTE 24: RELATED PARTY TRANSACTIONS**

On March 9, 2017, cdcb purchased 95,538 shares of RGVMB, essentially purchasing 6.7% of the company for \$200,000.

The cdcb services the loans the RGVMB owns and receives management and servicing fees during the year for that service. In 2024, cdcb received a total of \$570,692 for and fees from RGVMB (\$498,433 for 2023).

#### **NOTE 25: FUNCTIONAL EXPENSES**

The costs of providing the various programs and supporting activities have been summarized on a functional basis below. Accordingly, costs have been allocated among the programs and supporting services benefitted. The expenses that are allocated are compensation, which are allocated on the basis of actual time and effort, travel, equipment, supplies, contractual work, depreciation and costs of homes and lots.

### **NOTE 25: FUNCTIONAL EXPENSES (Continued)**

	Home	Financial		Rental	Real Estate			General and	
For the year ended September 30, 2024	Ownership	Security	Youthbuild	Management	Development	Special Service	Dreambuild	Administrative	Total
EXPENSES									
Salaries	\$ 421,230	\$ 222,074	\$ 475,436	\$ 227,150	\$ 146,853	\$ 558,381	\$ 548,260	\$ 1,073,139	\$ 3,672,523
Fringe benefits	130,613	69,691	130,625	73,730	40,182	151,937	151,985	163,813	912,576
Travel	22,747	2,703	11,415	7,787	7,697	34,166	11,920	41,428	139,863
Equipment	-	-	4,594	3,964	-	100	15	7,545	16,218
Supplies	7,203	3,166	3,805	1,259	1,109	2,620	2,939	9,440	31,541
Contractual	53,517	12,570	15,971	43,048	48,353	1,602,549	631,513	128,380	2,535,901
Other	553,561	134,660	271,978	127,908	307,716	69,295	96,713	487,255	2,049,086
Interest Expense	937,532	-	-	15,951	-	-	-	146,492	1,099,975
Cost of Home & Lot Sales	3,361,084	-	-	-	-	-	1,076,934	-	4,438,018
Grants - Homes	983,495	-	-	163,082	-	-	-	-	1,146,577
Subsidaries Direct Expense	-	-	-	523,338	-	-	146,272	-	669,610
Depreciation Expense	-	-	-	200,466	-	-	17,275	60,369	278,110
TOTAL EXPENSES	\$ 6,470,982	\$ 444,864	\$ 913,824	\$ 1,387,683	\$ 551,910	\$ 2,419,048	\$ 2,683,826	\$ 2,117,861	\$ 16,989,998

	Home	Financial		Rental	Real Estate		General and		
For the year ended September 30, 2023	Ownership	Security	Youthbuild	Management	Development	Special Service	Dreambuild	Administrative	Total
EXPENSES									<u>.</u>
Salaries	\$ 567,468	\$ 197,389	\$ 468,801	\$ 225,452	\$ 120,858	\$ 493,949	\$ 390,284	\$ 625,147	\$ 3,089,348
Fringe benefits	160,797	54,297	134,252	67,289	34,469	132,178	107,967	139,969	831,218
Travel	20,771	1,573	15,003	10,618	7,188	22,334	33,074	44,896	155,457
Equipment	8,951	3,087	14,089	-	-	1,048	12,571	10,527	50,273
Supplies	8,374	3,875	4,583	3,280	1,173	2,166	2,194	5,818	31,463
Contractual	80,573	16,273	15,085	158,934	63,500	1,536,971	747,572	129,174	2,748,082
Other	468,264	103,880	141,021	74,363	43,530	44,316	73,993	314,047	1,263,414
Interest Expense	619,062	-	-	40,749	286,608	-	-	69,429	1,015,848
Cost of Home & Lot Sales	4,798,542	-	-	-	4,469,344	-	268,252	-	9,536,138
Grants - Homes	1,249,188	-	-	1,649,746	-	-	-	-	2,898,934
Subsidaries Direct Expense	595	-		588,331	-	-	-	-	588,926
Depreciation Expense	-	-	-	190,039	-	-	-	68,672	258,711
TOTAL EXPENSES	\$ 7,982,585	\$ 380,374	\$ 792,834	\$ 3,008,801	\$ 5,026,670	\$ 2,232,962	\$ 1,635,907	\$ 1,407,679	\$ 22,467,812

The cdcb added DreamBuild line of business in 2023 fiscal year. DreamBuild is a volumetric module housing manufacturing program. DreamBuild creates affordable housing opportunities for families buying a new home, living in dilapidated housing and derelict trailers earning as little as 60% of the AMFI.

## Community Development Corporation of Brownsville (dba: cdcb | come dream. come build.) and Affiliates Schedule of Loan Delinquency and Aging - Unaudited Year Ended September 30, 2024

Outstanding								
Loan Portfolio		Principal		Amount	Percent			
Products		Balance		Delinquent	Delinquent			
AHLP	\$	6,230	\$	-	0.00%			
CASA loan		12,563,261		948,408	7.55%			
CCHFC		185,222		-	0.00%			
COLONIA		8,131		1,815	22.32%			
MICASITA		885,618		175,815	19.85%			
FREDDIE MAC		1,924,000		-	0.00%			
FANNIE MAE		4,523,860		-	0.00%			
NSP2		1,498,290		180,118	12.02%			
Lots/other		114,878		31,728	27.62%			
cdcb		29,705		-	0.00%			
Totals	۲	21 720 105	Ļ	1 227 004	C 1E0/			
Totals	\$	21,739,195	\$	1,337,884	6.15%			
				Current				
		Loan		Principal	Delinquency			
Bucket		Count		Amount	Percent			
Bucket		Count		Amount	rereent			
Current loans		280	\$	20,401,311	N/A			
Over 30 days delinquent		9		402,373	1.85%			
Over 60 days delinquent		4		256,719	1.18%			
Over 90 days delinquent		14		678,792	3.12%			
Totals		307	\$	21,739,195	6.15%			

# Community Development Corporation of Brownsville (dba: cdcb | come dream. come build.) and Affiliates Schedule of Loan Delinquency and Aging - Unaudited Year Ended September 30, 2023

	C	Outstanding		
Loan Portfolio	Principal		Amount	Percent
Products		Balance	Delinquent	Delinquent
AHLP	\$	21,784	\$ 9,938	45.62%
CASA loan		9,834,199	480,358	4.88%
COLONIA		36,564	11,941	32.66%
MICASITA		932,886	57,814	6.20%
FREDDIE MAC		1,936,159	-	0.00%
FANNIE MAE		3,424,758	-	0.00%
NSP2		1,621,042	126,689	7.82%
Lots/other		185,554	37,330	20.12%
cdcb		32,001	32,001	100.00%
				_
Totals	\$	18,024,947	\$ 756,071	4.19%
				_
			Current	
		Loan	Principal	Delinquency
Bucket		Count	Amount	Percent
				_
Current loans		258	\$ 17,268,875	N/A
Over 30 days delinquent		5	100,257	0.56%
Over 60 days delinquent		11	374,240	2.08%
Over 90 days delinquent		12	281,575	1.56%
Totals		286	\$ 18,024,947	4.19%