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INDEPENDENT AUDITORS' 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, 2022 and 2021, 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, 2022 and 2021, 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 opinion.

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 2022 and 2021 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 21, 2022, 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 & Chypan, L.L.C.

Brownsville, Texas December 21, 2022

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

September 30,	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,461,671	\$ 7,794,990
Receivables		
Mortgage loans receivable	827,893	857,934
Grants	1,987,921	1,424,484
Notes receivable	170,000	125,000
Interest receivable	40,529	35,974
Other	497,322	64,474
Prepaid and other assets	948,160	676,215
Current investment in homes and land development projects	1,961,371	1,360,884
Current investment in homes and land development projects- NMTC	979,291	760,483
Restricted cash and cash equivalents	2,083,808	4,380,802
Total current assets	13,957,966	17,481,240
Noncurrent assets		
Mortgage loans receivable	12,688,072	10,792,085
Notes receivable	1,650,603	1,650,603
Developer fee receivable	3,673,647	3,235,980
Investment in homes and land development projects	12,898,457	13,495,130
Investment in homes and land development projects- NMTC	2,800,837	2,859,379
Receivables - other - long-term	323,604	288,209
Rental properties - net	5,307,034	4,152,484
Long-term investments	8,628,335	8,628,335
Property and equipment - net	769,661	500,994
Total noncurrent assets	48,740,250	45,603,199
Total assets	\$ 62,698,216	\$ 63,084,439

- Continued

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

September 30,	2022			2021	
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	\$	403,409	\$	501,860	
Accrued expenses	Y	246,309	Y	220,495	
Refundable advances- current portion		4,872,595		4,225,690	
Current portion of long-term debt		3,531,519		3,571,027	
Revolving fund		874,308		816,263	
Escrow deposits		557,963		534,678	
Listiow deposits		337,303		334,078	
Total current liabilities		10,486,103		9,870,013	
Noncurrent liabilities					
Refundable advances		375,229		375,229	
Long-term debt		24,717,065		27,838,701	
Revolving fund		139,983		98,257	
Other liabilities		5,316,528		3,602,397	
				_	
Total noncurrent liabilities		30,548,805		31,914,584	
Total liabilities		41,034,908		41,784,597	
NET ASSETS					
Net assets without donor restrictions		21,582,089		20,711,199	
Net assets with donor restrictions		81,219		588,643	
Total net assets		21,663,308		21,299,842	
10tal liet assets		21,003,308		21,233,042	
Total liabilities and net assets	\$	62,698,216	\$	63,084,439	

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

	Without Donor	With Donor		
For the year ended September 30, 2022	Restrictions	Restrictions	Total	
Revenue and support				
Sales - home and lot	\$ 5,724,982	\$ -	\$ 5,724,982	
Net fees	268,739	-	268,739	
Grants	4,301,354	9,952,457	14,253,811	
Interest and investment income	500,763	2,576	503,339	
Developer fee revenue	477,483	-	477,483	
Management fees	513,640	-	513,640	
Rental income	652,919	-	652,919	
Other earned income	796,050	10,142	806,192	
Net assets released from restrictions -				
restrictions satisfied by payments	10,472,599	(10,472,599)	-	
Total revenue and support	23,708,529	(507,424)	23,201,105	
Expenses				
Program services:				
Home ownership	7,416,764	-	7,416,764	
Financial security	422,014	-	422,014	
Youthbuild	748,681	-	748,681	
Rental management	10,075,807	-	10,075,807	
Real estate development	225,206	-	225,206	
Special service	2,817,028	-	2,817,028	
Support services:				
General and administration expenses	1,132,139	-	1,132,139	
Total expenses	22,837,639	-	22,837,639	
Change in not assets	970 900	(507.424)	262.466	
Change in net assets	870,890	(507,424)	363,466	
Net assets – beginning of year	20,711,199	588,643	21,299,842	
Net assets – end of year	\$ 21,582,089	\$ 81,219	\$ 21,663,308	

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

		thout Donor		With Donor		
For the year ended September 30, 2021	F	Restrictions	Restrictions		Total	
Compart and various						
Support and revenue	۲.	2 007 220	۲,		۲.	2 007 220
Sales - home and lot	\$	2,887,239	\$	-	\$	2,887,239
Net fees		177,341		-		177,341
Grants		4,096,205		3,991,512		8,087,717
Interest and investment income		513,206		3,853		517,059
Developer fee revenue		939,927		-		939,927
Management fees		505,304		-		505,304
Rental income		575,990		-		575 <i>,</i> 990
Other earned income		640,726		17,111		657,837
SBA PPP loan income		480,700				480,700
Net assets released from restrictions -						
restrictions satisfied by payments		4,008,623		(4,008,623)		-
Total support and revenue		14,825,261		3,853		14,829,114
Expenses						
Program services:						
Homeownership		5,140,307		-		5,140,307
Financial security		381,434		-		381,434
Youthbuild		706,880		-		706,880
Rental management		3,370,742		-		3,370,742
Real estate development		201,140				
Special service		1,265,090		-		1,265,090
Support services:						
General and administrative expenses		1,074,491		_		1,074,491
Total expenses		12,140,084		-		12,140,084
Channel		2 605 477		2.052		2 600 020
Change in net assets		2,685,177		3,853		2,689,030
Net assets – beginning of year		18,026,022		584,790		18,610,812
		_		_		
Net assets – end of year	\$	20,711,199	\$	588,643	\$	21,299,842

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

For the years ended September 30,	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		_
Change in net assets	\$ 363,466	\$ 2,689,030
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation - rental properties	191,229	165,418
Depreciation - property and equipment	62,246	58,033
(Increase) decrease:		
Receivables:		
Grants	(563,437)	(648,081)
Developer fee receivable	(437,667)	(840,435)
Receivables - other - long-term	(472,798)	108,841
Prepaid and other assets	(271,945)	(341,171)
Increase (decrease):		
Accounts payable	(98,451)	(212,738)
Accrued expenses	25,814	19,799
Refundable advances	646,905	560,476
Revolving fund	99,771	49,255
Escrow deposits	23,285	(61,666)
Other liabilities	1,714,131	988,838
Net cash provided by operating activities	1,282,550	2,535,599
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Community Development Corporation of Brownsville (dba: cdcb | come dream. come build.) and Affiliates Consolidated Statements of Cash Flows - Continued

For the years ended September 30,		2022		2021
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from investment in homes and land development projects	\$	27,988,317	\$	18,114,918
Payments for investment in homes and land development projects		(28,152,397)		(24,601,123)
Proceeds from maturity of investments		-		251,015
Payments for investment in NMTC		-		(5,075,653)
Purchases of property and equipment		(330,913)		(15,427)
Purchases of rental property		(1,345,780)		(12,145)
Issuance of notes receivable		(45,000)		(512,000)
Collections from notes receivable		-		233,729
Issuance of mortgage loans		(2,249,584)		(948,797)
Collections from mortgage loans		383,638		613,503
Net cash (used in) investing activities		(3,751,719)		(11,951,980)
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CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from notes payable		4,324,513		13,852,524
Payments made on notes payable		(7,485,657)		(1,201,180)
Net cash (used in) provided by financing activities		(3,161,144)		12,651,344
Net increase in cash and cash equivalents		(5,630,313)		3,234,963
Beginning cash and cash equivalents		12,175,792		8,940,829
Ending cash and cash equivalents	\$	6,545,479	\$	12,175,792
Supplemental Disclosures of Cash Flow Information:				_
Cash paid for interest	\$	549,133	\$	495,290
cush paid for interest	Ψ	3 13,133	7	133,230
Cash and cash equivalents and restricted cash consist of:				
	Septe	mber 30, 2022	Sen	tember 30, 2021
Cash and cash equivalents	\$	4,461,671	\$	7,794,990
Restricted cash and cash equivalents	•	2,083,808	•	4,380,802
	\$	6,545,479	\$	12,175,792
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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 rental 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 low-income 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 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 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 doubtful accounts. The allowance for doubtful accounts 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, 2022, and 2021, an allowance for doubtful accounts 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.

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.

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, 2022 and 2021.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PPP Loan/PPP Loan Revenue

cdcb received a loan in the amount of \$480,700 on February 18, 2021, under the Paycheck Protection Program (PPP) pursuant to the CARES Act and administered by the U.S. Small Business Administration (the SBA). (See Note 22).

cdcb is recognizing revenue from the PPP loan following the guidance under FASB ASC 958-605, government grant model. PPP loan funds are considered a conditional contribution and recorded as a refundable advance on the consolidated statements of financial position until the barriers to entitlement are met. cdcb considers the barriers to entitlement to include the incurrence of qualifying expenses and maintaining specified levels of payroll and employment. Revenue is recognized once conditions have been substantially met or explicitly waived. cdcb does not consider the administrative process of filing for forgiveness to be a condition to recognize the PPP loan as revenue. As of September 2022, all of cdcb's PPP Loan has been forgiven.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 \$5,247,824 that have not been recognized at September 30, 2022 (\$4,600,919 in 2021) 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, 2022 and 2021.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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 satisified 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, 2022 and 2021.

Rental income related to rent services for low-to-moderate income families is accounted for under Accounting Standards Codification (ASC) 840, *Leases*. Rental income is recorded on a monthly basis through the terms of rental agreements.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

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, 2022, and 2021, 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 2018.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 21, 2022 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.

Newly Adopted Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU is effective for periods beginning after June 15, 2021. The provisions of this new standard were adopted by cdcb during the year ended September 30, 2022. The adoption of this standard did not have any impact on cdcb's consolidated financial statements.

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. cdcb is currently evaluating the effect the standard will have on its 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,	2022	2021
Cash and cash equivalents	\$ 4,461,671	\$ 7,794,990
Restricted cash and cash equivalents	2,083,808	4,380,802
Investments in marketable securities	-	-
Receivables		
Grants	1,987,921	1,424,484
Financial assets, at year end	\$ 8,533,400	\$ 13,600,276
Less those not available for general expenditures within one year,		
due to contractual or donor-imposed restrictions		
Net assets with donor restrictions	(81,219)	(588,643)
Cash restricted for NMTC, AFI and ESC	(1,512,692)	(3,924,821)
Escrow deposits	(571,116)	(455,981)
Financial assets available to meet cash needs for general		
expenditures within one year	\$ 6,368,373	\$ 8,630,831

NOTE 4: CASH AND CASH EQUIVALENTS

A summary of cash and cash equivalents is as follows:

September 30,	2022	2021
Bank deposits	\$ 2,640,935	\$ 5,032,798
Certificates of deposit	1,279,448	1,278,731
Repurchase agreements	2,564,872	5,804,039
Tax guarantee reserve	60,224	60,224
Total	\$ 6,545,479	\$ 12,175,792

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 RECEIVABLE

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.

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.

NOTE 5: MORTGAGE LOANS RECEIVABLE (Continued)

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, 2022 totaled \$1,664,550 (\$1,033,588 in 2021). 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, 2022 totaled \$1,641,342 (\$411,993 in 2021).

Mortgage loans outstanding are as follows:

September 30,	2022			2021		
NeighborWorks	\$	279,551	\$	256,551		
Capital Magnet		28,985		-		
DAP		17,850		-		
AHLP		58,288		213,110		
Mi Casita		749,741		549,093		
Fannie Mae		1,641,342		411,993		
Lots receivable		252,364		369,776		
NSP2		1,725,491		1,848,981		
CASA		7,342,325		7,146,739		
Revolving loan fund		66,919		89,651		
Freddie Mac		1,664,550		1,033,588		
RCLP		12,163		18,746		
Mortgage loans	\$	13,839,569	\$	11,938,228		

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 reloaned 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.

NOTE 6: INVESTMENT IN HOMES AND LAND DEVELOPMENT PROJECTS (Continued)

Investment in home and land development projects is as follows:

Caterpillar Grove 906,362 431,406 Cicada Grove 872,822 540,462 El Naranjal III 84,063 83,163 El Naranjal Subdivision, Section IV 427,063 405,516 French River Valley Subdivision II 2,297,773 1,240,482 Campo Real Subdivision II 336,088 336,088 Cisneros Estates 65,577 28,827 Colonias Rehabilitation 13,953 21,666 Mi Casita 202 485,930 114,413 Casitas Acucar 36,327 26,860 Casitas Lantana 21,442 - Casitas Acacia 48,356 - 325 W Levee - 395,158 HOP Homeownership Program 28,932 27,901 Inwood Subdivision II 35,938 35,938 Mesquite Gardens Subdivision 41,371 208,716 Harlingen CHDO HMS 187 68,764 67,694 North Austin subdivision II 550,365 599,794 CCr Homes - (193) North Austin subdivision II	September 30,	2022				
Cicada Grove 872,822 540,462 El Naranjal III 84,063 83,163 El Naranjal Subdivision, Section IV 427,063 405,516 French River Valley Subdivision II 2,297,773 1,240,482 Campo Real Subdivision II 336,088 336,088 Cisneros Estates 65,577 28,827 Colonias Rehabilitation 13,953 21,666 Mi Casita 202 485,930 114,413 Casitas Azucar 36,327 26,860 Casitas Lantana 21,442 - Casitas Acacia 48,356 - 325 W Levee - 395,158 HOP Homeownership Program 28,932 27,901 Inwood Subdivision II 36,938 35,938 Mesquite Gardens Subdivision 41,371 208,716 Harlingen CHDO HMS 187 68,764 67,694 North Austin subdivision II 176,827 32,917 OCC Homes - (193) North Austin subdivision II 550,365 599,794 Corpus Christi Homes <td>California Crossing</td> <td>\$</td> <td>477,582</td> <td>\$</td> <td>563,725</td>	California Crossing	\$	477,582	\$	563,725	
El Naranjal III 8,063 83,163 El Naranjal Subdivision, Section IV 427,063 405,516 French River Valley Subdivision II 2,297,773 1,240,482 Campo Real Subdivision II 336,088 336,088 Cisneros Estates 65,577 28,827 Colonias Rehabilitation 13,953 21,666 Mi Casita 202 485,930 114,413 Casitas Aucar 36,327 26,860 Casitas Lantana 21,442 - Casitas Acacia 48,356 - 325 W Levee - 395,158 HOP Homeownership Program 28,932 27,901 Inwood Subdivision II 56,954 56,503 Inwood Subdivision II 35,938 35,938 Mesquite Gardens Subdivision 41,371 208,716 North Austin subdivision II 36,764 67,694 North Austin subdivision II 56,827 32,917 OCC Homes - (193) North Austin subdivision II 550,365 599,794 Corpus Christi Homes 87,345 83,613 Los Olmos and Tangelo	Caterpillar Grove		906,362		431,406	
El Naranjal Subdivision, Section IV 427,063 405,516 French River Valley Subdivision II 2,297,773 1,240,482 Campo Real Subdivision II 336,088 336,088 Cisneros Estates 65,577 28,827 Colonias Rehabilitation 13,953 21,666 Mi Casita 202 485,930 114,413 Casitas Lantana 21,442 - Casitas Lantana 21,442 - Casitas Acacia 48,356 - 325 W Levee - 395,158 HOP Homeownership Program 28,932 27,901 Inwood Subdivision II 56,954 56,503 Inwood Subdivision III 35,938 35,938 Mesquite Gardens Subdivision 41,371 208,716 Harlingen CHDO HMS 187 68,764 67,694 Harlingen CHDO HMS 187 68,764 67,694 North Austin subdivision II 550,365 599,794 OCC Homes - (193) North Austin subdivision II 550,365 599,794 Corpus Christi Homes 87,345 83,613 Los Olmos and Tange	Cicada Grove		872,822		540,462	
French River Valley Subdivision II 2,297,773 1,240,482 Campo Real Subdivision II 336,088 336,088 Cisneros Estates 65,577 28,827 Colonias Rehabilitation 13,953 21,666 Mi Casita 202 485,930 114,413 Casitas Azucar 36,327 26,860 Casitas Lantana 21,442 - Casitas Acacia 48,356 - 325 W Levee - 395,158 HOP Homeownership Program 28,932 27,901 Inwood Subdivision III 56,954 56,503 Inwood Subdivision III 35,938 35,938 Mesquite Gardens Subdivision 41,371 208,716 Harlingen CHDO HMS 187 68,764 67,694 North Austin subdivision II 550,365 599,794 OCC Homes - (193) North Austin subdivision II 550,365 599,794 Corpus Christi Homes 87,345 83,613 Los Olmos and Tangelo Project Homes 572,629 572,629 Predevelo	El Naranjal III		84,063		83,163	
Campo Real Subdivision II 336,088 336,088 Cisneros Estates 65,577 28,827 Colonias Rehabilitation 13,953 21,666 Mi Casita 202 485,930 114,413 Casitas Acucar 36,327 26,860 Casitas Lantana 21,442 - Casitas Acacia 48,356 - 325 W Levee - 395,158 HOP Homeownership Program 28,932 27,901 Inwood Subdivision II 56,954 56,503 Inwood Subdivision III 35,938 35,938 Mesquite Gardens Subdivision 41,371 208,716 Nonassisted lending 323,559 133,325 North Austin subdivision I 176,827 32,917 OCC Homes - (193) North Austin subdivision II 550,365 599,794 Corpus Christi Homes 87,345 83,613 Los Olmos and Tangelo Project Homes 572,629 572,629 Predevelopment Projects 2,159,805 1,810,986 Butterfly Groves	El Naranjal Subdivision, Section IV		427,063		405,516	
Campo Real Subdivision II 336,088 336,088 Cisneros Estates 65,577 28,827 Colonias Rehabilitation 13,953 21,666 Mi Casita 202 485,930 114,413 Casitas Acucar 36,327 26,860 Casitas Lantana 21,442 - Casitas Acacia 48,356 - 325 W Levee - 395,158 HOP Homeownership Program 28,932 27,901 Inwood Subdivision II 56,954 56,503 Inwood Subdivision III 35,938 35,938 Mesquite Gardens Subdivision 41,371 208,716 Nonassisted lending 323,559 133,325 North Austin subdivision I 176,827 32,917 OCC Homes - (193) North Austin subdivision II 550,365 599,794 Corpus Christi Homes 87,345 83,613 Los Olmos and Tangelo Project Homes 572,629 572,629 Predevelopment Projects 2,159,805 1,810,986 Butterfly Groves	French River Valley Subdivision II		2,297,773		1,240,482	
Colonias Rehabilitation 13,953 21,666 Mi Casita 202 485,930 114,413 Casitas Azucar 36,327 26,860 Casitas Lantana 21,442 - Casitas Acacia 48,356 - 325 W Levee - 395,158 HOP Homeownership Program 28,932 27,901 Inwood Subdivision II 56,954 56,503 Inwood Subdivision III 35,938 35,938 Mesquite Gardens Subdivision 41,371 208,716 Harlingen CHDO HMS 187 68,764 67,694 Norassisted lending 323,559 133,325 North Austin subdivision II 550,365 599,794 Corpus Christi Homes 7 (193) North Austin subdivision II 550,365 599,794 Corpus Christi Homes 87,345 83,613 Los Olmos and Tangelo Project Homes 572,629 572,629 Predevelopment Projects 2,159,805 1,810,986 Butterfly Groves (3,600) 3,746,829 Campo Real P	Campo Real Subdivision II		336,088		336,088	
Mi Casita 202 485,930 114,413 Casitas Azucar 36,327 26,860 Casitas Lantana 21,442 - Casitas Acacia 48,356 - 325 W Levee - 395,158 HOP Homeownership Program 28,932 27,901 Inwood Subdivision II 56,954 56,503 Inwood Subdivision III 35,938 35,938 Mesquite Gardens Subdivision 41,371 208,716 Harlingen CHDO HMS 187 68,764 67,694 Nonassisted lending 323,559 133,325 North Austin subdivision I 176,827 32,917 OCC Homes - (193) North Austin subdivision II 550,365 599,794 Corpus Christi Homes 87,345 83,611 Los Olmos and Tangelo Project Homes 87,345 83,613 Predevelopment Projects 2,159,805 1,810,986 Butterfly Groves (3,600) 3,746,829 Campo Real Phase I 19,138 19,003 TSACH Olmito Estates 53,623 440,185 Villa Del Sur Subdivision III	Cisneros Estates		65,577		28,827	
Casitas Azucar 36,327 26,860 Casitas Lantana 21,442 - Casitas Acacia 48,356 - 325 W Levee - 395,158 HOP Homeownership Program 28,932 27,901 Inwood Subdivision II 56,954 56,503 Inwood Subdivision III 35,938 35,938 Mesquite Gardens Subdivision 41,371 208,716 Harlingen CHDO HMS 187 68,764 67,694 Hornsisted lending 323,559 133,325 North Austin subdivision I 176,827 32,917 OCC Homes - (193) North Austin subdivision II 550,365 599,794 Corpus Christi Homes 87,345 83,613 Los Olmos and Tangelo Project Homes 572,629 572,629 Predevelopment Projects 2,159,805 1,810,986 Butterfly Groves (3,600) 3,746,829 Campo Real Phase I 19,138 19,003 TSACH Olmito Estates 533,623 440,185 Villa Del Sur Subdivisio	Colonias Rehabilitation		13,953		21,666	
Casitas Lantana 21,442 - Casitas Acacia 48,356 - 325 W Levee - 395,158 HOP Homeownership Program 28,932 27,901 Inwood Subdivision III 56,954 56,503 Inwood Subdivision III 35,938 35,938 Mesquite Gardens Subdivision 41,371 208,716 Harlingen CHDO HMS 187 68,764 67,694 Norassisted lending 323,559 133,325 North Austin subdivision I 176,827 32,917 OCC Homes - (193) North Austin subdivision II 550,365 599,794 Corpus Christi Homes 87,345 83,613 Los Olmos and Tangelo Project Homes 572,629 572,629 Predevelopment Projects 2,159,805 1,810,986 Butterfly Groves (3,600) 3,746,829 Campo Real Phase I 19,138 19,003 TSACH Olmito Estates 533,623 440,185 Villa Del Sur Subdivision III 405 690 Villa Del Sur	Mi Casita 202		485,930		114,413	
Casitas Lantana 21,442 - Casitas Acacia 48,356 - 325 W Levee - 395,158 HOP Homeownership Program 28,932 27,901 Inwood Subdivision III 56,954 56,503 Inwood Subdivision III 35,938 35,938 Mesquite Gardens Subdivision 41,371 208,716 Harlingen CHDO HMS 187 68,764 67,694 Norassisted lending 323,559 133,325 North Austin subdivision I 176,827 32,917 OCC Homes - (193) North Austin subdivision II 550,365 599,794 Corpus Christi Homes 87,345 83,613 Los Olmos and Tangelo Project Homes 572,629 572,629 Predevelopment Projects 2,159,805 1,810,986 Butterfly Groves (3,600) 3,746,829 Campo Real Phase I 19,138 19,003 TSACH Olmito Estates 533,623 440,185 Villa Del Sur Subdivision III 405 690 Villa Del Sur Subdivision III 289,554 289,554 Commercia	Casitas Azucar		36,327		26,860	
Casitas Acacia 48,356 - 325 W Levee - 395,158 HOP Homeownership Program 28,932 27,901 Inwood Subdivision III 56,954 56,503 Inwood Subdivision III 35,938 35,938 Mesquite Gardens Subdivision 41,371 208,716 Harlingen CHDO HMS 187 68,764 67,694 Nonassisted lending 323,559 133,325 North Austin subdivision I 176,827 32,917 OCC Homes - (193) North Austin subdivision II 550,365 599,794 Corpus Christi Homes 87,345 83,613 Los Olmos and Tangelo Project Homes 572,629 572,629 Predevelopment Projects 2,159,805 1,810,986 Butterfly Groves (3,600) 3,746,829 Campo Real Phase I 19,138 19,003 TSACH Olmito Estates 533,623 440,185 Villa Del Sur Subdivision III 289,554 289,554 Commercial lots 58,747 46,497	Casitas Lantana		21,442		-	
325 W Levee HOP Homeownership Program 28,932 27,901 Inwood Subdivision II 56,954 56,503 Inwood Subdivision III 35,938 35,938 Mesquite Gardens Subdivision Harlingen CHDO HMS 187 68,764 67,694 Nonassisted lending 323,559 North Austin subdivision II 550,365 North Austin subdivision II 550,365 S99,794 Corpus Christi Homes 87,345 83,613 Los Olmos and Tangelo Project Homes Predevelopment Projects 2,159,805 Butterfly Groves Campo Real Phase I 19,138 19,003 TSACH Olmito Estates 533,623 Villa Del Sur Subdivision III 289,554 289,554 Commercial lots Dragonfly 1,285,069 289,978 Villa Del Sur Subdivision III 289,554 289,554 Commercial lots Dragonfly 1,285,069 289,978 Mi Casita Palo Alto Casitas Palo Alto Casitas Palo Alto Reserve 654,175 487,484 Trent Fund (99) Other (835) - Total Investments 14,859,828 14,856,014 Less current portion 1,961,371 1,360,884	Casitas Acacia				-	
HOP Homeownership Program 28,932 27,901 Inwood Subdivision II 56,954 56,503 Inwood Subdivision III 35,938 35,938 Mesquite Gardens Subdivision 41,371 208,716 Harlingen CHDO HMS 187 68,764 67,694 Nonassisted lending 323,559 133,325 North Austin subdivision I 176,827 32,917 OCC Homes - (193) North Austin subdivision II 550,365 599,794 Corpus Christi Homes 87,345 83,613 Los Olmos and Tangelo Project Homes 572,629 572,629 Predevelopment Projects 2,159,805 1,810,986 Butterfly Groves (3,600) 3,746,829 Campo Real Phase I 19,138 19,003 TSACH Olmito Estates 533,623 440,185 Willa Del Sur Subdivision III 405 690 Villa Del Sur Subdivision III 289,554 289,554 Commercial lots 58,747 46,497 Dragonfly 1,285,069 289,978 Grasshopper Grove 655,954 339,140 Honeybee Grove 605,435 298,435 Jackson Cottages - 555,294 Mi Casita - 92,154 Palo Alto Casitas 586,336 433,281 Palo Alto Reserve 654,175 487,484 Trent Fund - (99) Other (835) - (10,20) Total Investments 14,859,828 14,856,014 Less current portion 1,961,371 1,360,884	325 W Levee		· -		395,158	
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Long-term Investment \$ 12.898.457 \$ 13.495.130	Less current portion					
	Long-term Investment	\$	12 898 457	\$	13 495 130	

NOTE 6: INVESTMENT IN HOMES AND LAND DEVELOPMENT PROJECTS (Continued)

Management has determined that \$1,961,371 are homes and lots currently in the process of being sold by the year ending September 30, 2023.

Pre development costs of \$3,780,128 represent homes and land development projects funded under the New Market Tax Credit. Management has determined that \$979,291 are homes and lots currently in the process of being sold by the year ending September 30, 2023.

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, 2022 and 2021.

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 (\$0 in 2022 and 2021).
- Permanent loan in the amount of \$900,000 (\$644,801 and \$656,947, respectively, outstanding at September 30, 2022 and 2021).

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 outstanding as of September 30, 2022 and 2021).
- Bridge loan in the amount of \$118,368 (\$0 outstanding as of September 30, 2022 and 2021).
- Permanent loan in the amount of \$2,525,000 (\$2,368,483 and \$2,407,477, respectively, outstanding at September 30, 2022 and 2021).
- NeighborWorks loan in the amount of \$180,000 (\$180,000 outstanding as of September 30, 2022 and 2021).
- NSP Sponsor loan in the amount of \$131,800 (\$131,800 outstanding at September 30, 2022 and 2021).
- Seller loan in the amount of \$286,200 (\$286,200 outstanding at September 30, 2022 and 2021).

NOTE 7: INVESTMENT IN PARTNERSHIPS (Continued)

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.
- \$289,621 is the operating reserve cdcb guarantees.
- BBVA Construction loan in the amount of \$4,807,837 (\$4,807,837 and \$4,807,837, respectively, outstanding as of September 30, 2022 and 2021) and TDHCA Home loan in the amount of \$1,600,000 (\$618,468 and \$618,468, respectively, outstanding as of September 30, 2022 and 2021).

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, 2022).
- Payment of excess development costs
- Funds necessary to pay operating deficits of no more than \$306,508 (\$0 outstanding as of September 30, 2022 and 2021.
- Permanent loan in the amount of \$9,738,000 (\$0 outstanding as of September 30, 2022 and 2021)

NOTE 8: INVESTMENT IN JOINT VENTURES

Community Development Corporation of Brownsville invested, along with two other Housing Partnership Network, Inc. members, in a partnership (HPN Leverage II, LLC) with 33.33% 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 market tax credits to be applied against their federal tax liability. As a result, the cdcb has invested \$3,352,682 and was able to secure a 20-year loan in the amount of \$4,875,000 payable to a community development entity. The loan proceeds are to be used solely for the purpose of acquiring, rehabbing, and/or constructing single-family homes in qualified census tracts 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 0.688% 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 0.688%.

NOTE 8: INVESTMENT IN JOINT VENTURES (Continued)

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 has 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,	2022	2021
Investment in HPN Leverage II, L.L.C.		
(New Market Tax Credit Joint Venture)	\$ 3,352,682	\$ 3,352,682
Investment in HPN Leverage VII, L.L.C.		
(New Market Tax Credit Joint Venture)	5,075,653	5,075,653
RGV Multibank Stock 95,538 shares	200,000	200,000
Long-term investments	\$ 8,628,335	\$ 8,628,335

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

Property and equipment, net consists of the following:

September 30,	2022	2021
Building and Improvements	\$ 1,632,114	\$ 1,323,195
Land	66,000	66,000
Vehicles	163,155	151,161
Computer Equipment	267,951	267,951
Furniture and Fixtures	17,279	17,279
	2,146,499	1,825,586
Less accumulated depreciation	1,376,838	1,324,592
Property and equipment, net	\$ 769,661	\$ 500,994

Rental properties, net consists of the following:

September 30,	2022	2021
Building and Improvements	\$ 5,330,856	\$ 4,198,502
Land	546,753	394,353
Furniture and Fixtures	78,554	71,505
	5,956,163	4,664,360
Less accumulated depreciation	649,129	511,876
Rental properties, net	\$ 5,307,034	\$ 4,152,484

Total depreciation expense for the years ended September 30, 2022 and 2021 was \$253,475 and \$223,451, respectively.

NOTE 11: NOTES RECEIVABLES

At December 31, 2013, cdcb entered into a note receivable totaling \$665,603 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, 2022 totaled \$665,603 (\$665,603 in 2021).

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, 2022 totaled \$286,200 (\$286,200 in 2021).

NOTE 11: NOTES RECEIVABLES (Continued)

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, 2022 totaled \$180,000 (\$180,000 in 2021).

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, 2022 totaled \$131,800 (\$131,800 in 2021).

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, 2022 totaled \$387,000 (\$387,000 in 2021).

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 2023. The balance as of September 30, 2022 totaled \$170,000.

In February of 2021, cdcb entered into a revolving line of credit totaling \$150,000 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 2022. The balance as of September 30, 2021 totaled \$125,000. The line of credit was subsequently renewed in February of 2022.

NOTE 12: DEVELOPER FEE RECEIVABLES

cdcb was the developer of La Hacienda Casitas apartment complex. Construction has been completed as of September 30, 2022. 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, 2021 (\$431,426 in 2021).

cdcb is the developer of Los Olmos Casitas apartment complex. Construction has been completed as of September 30, 2022. 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, 2021 and 2021.

cdcb is the developer of the Casitas Azucar apartment complex. Construction has been completed as of September 30, 2022. 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 \$818,278 at September 30, 2021 (\$818,278 in 2021).

cdcb is the developer of the Casitas Lantana apartment complex. Construction has not been completed as of September 30, 2022. The total developer fee is \$1,509,198, which is payable by the Casitas Lantana Partnership in accordance with the development agreement dated October 1, 2020. Total developer fee receivable was \$1,328,094 at September 30, 2022 (\$890,427 in 2021).

NOTE 13: OTHER ASSETS

Other assets consists of the following as of September 30:

2022		2021
\$ 13,271	\$	27,821
397,709		10,153
266,158		292,664
55,022		129,577
216,000		216,000
\$ 948,160	\$	676,215
\$	\$ 13,271 397,709 266,158 55,022 216,000	\$ 13,271 \$ 397,709 266,158 55,022 216,000

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, 2022 and 2021 was \$293,309 and \$196,533 respectively.

NOTE 14: NET ASSETS

A summary of net assets without donor restrictions follows:

September 30,		2022		2021
Undesignated	\$ 2	1,582,089	\$	20,711,199
Net assets with donor restrictions consist of t September 30,	of the following: 2022			2021
Time restricted Purpose restricted	\$	29,397	\$	29,397
Neighbor Works capital grant Colonia revolving		- 51,822		510,000 49,246
Total net assets with donor restrictions	\$	81,219	\$	588,643

Net assets released from restrictions consist of the following:

Years ended September 30,	2022	2021
		_
Fulfillment of use restrictions	\$ 10,472,599	\$ 4,008,623

NOTE 15: LONG-TERM DEBT

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 30,		2022	2021
Lines of Credit			
The cdcb maintains a line of credit agreement with Rio Grande Valley Multibank. Available borrowings related to the agreement are \$8,000,000 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.	5	5,890,875	5,756,453
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, 2023.		747,546	545,865
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	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 4.25%. The note is collateralized by an assignment of mortgage notes receivable. The credit line expires on October 23, 2022.		318,291	104,767
The cdcb maintains a line of credit agreement with Frost Bank. Available borrowings related to the agreement are \$3,767,023, with an interest rate of 3.68%, secured by real property. On November 10,2020, (the "Conversion Date") this loan converted to a "Permanent Loan". During the two-year repayment term of the Permanent Loan, interest only shall be due monthly as it accrues beginning December 10, 2020 and continuing each month thereafter. The principal balance shall be due and payable in seven quarterly payments of \$471,000 each, payable in February, May, August and November, beginning with a principal payment due on February 10, 2021 and continuing quarterly there after until August 10, 2022 and in a final installment due on November 10, 2022, when the entire amount of principal and interest then remaining unpaid, shall be due and payable. CDCB has agreed to pay the lender a \$28,846 partial release fee each time cdcb sells one or more of the 129 residential lots it will develop on the property. cdcb will get a dollar for dollar credit against the next accruing principal payment for all			
amounts cdcb pays the lender in partial release fees.		-	1,960,693
Total lines of credit	\$ 8	3,456,712 \$	9,867,778

NOTE 15: LONG-TERM DEBT (Continued)

September 30,	2022	2021
Notes payable		
\$466,866 promissory note payable to TDHCA, at no interest.		
Payments are due in monthly installments through May 1, 2024,		
when the note matures. The loan is unsecured.	\$ 369,312	\$ 406,076
\$250,000 promissory note payable to First Community Bank, with interest		
at 1.5%. It is secured by the certificate of deposit maintained at First		
Community Bank. The note matures on July 18, 2023.	250,000	250,000
\$487,342 promissory note payable to TDHCA, at no interest.		
Payments due as properties are sold under the note agreement. Note is		
secured by a Deed of Trust. Note matures on August 31, 2023.	299,903	299,903
Note payable HPN NMTC II, LLC, due August 2037, interest only		
through August 2024 at 0.6877985%. Collateralized by all assets		
acquired by cdcb through the New Market Tax Credit Program.		
(See Note 9 and 17 for further details.)	4,875,000	4,875,000
(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,,,,,,,,,,
Note payable HPN NMTC VII, LLC QCT loan due June 2041, interest only		
through June 2028 at 0.743760%. Collateralized by all assets		
acquired by cdcb through the New Market Tax Credit Program.		
(See Note 9 and 17 for further details.)	3,412,500	3,412,500
Note payable HPN NMTC VII, LLC TP loan due June 2041, interest only		
through June 2028 at 0.743760%. Collateralized by all assets		
acquired by cdcb through the New Market Tax Credit Program.		
(See Note 9 and 17 for further details.)	3,412,500	3,412,500
\$410,000 permanent loan for Vista Luna Apartments, 605 East Price Road.		
The outstanding loan bears an interest rate of 5.75%. Payments are		
due and payable in monthly installments first day of each month. Payments		
are calculated based on a 30 year amortization of loan principal. Principal		
is due 120 months following the closing of the Loan, May 10, 2029. It		
is collateralized by the first position Deed of Trust and assignment of		
rents on La Vista Apartments.	-	396,855
\$380,000 permanent Loan for Las Posada Apartments, 1356 La Posada Dr.		
The outstanding loan bears an interest rate of 5.75%. Payments are		
calculated based on a 30 year amortization of loan principal. Principal and		
interest are due and payable in monthly installments on the first day		
of each month until maturity. Principal is due 120 months following the		
closing of the Loan, June 27, 2028. It is collateralized by the first position		
Deed of Trust and assignment of rents on La Posada Apartments.	-	363,751

NOTE 15: LONG-TERM DEBT (Continued)

September 30,	2022	2021
\$2,578,000 permanent Loan for La Ceiba Apartments, 4858 Rentfro Blvd. The outstanding loan bears an interest rate of 5.75%. Principal and interest are due and payable in monthly installments on the first day of each month. Payments are calculated based on a 30 year amortization of loan principal. Principal is due 120 months following the closing of the Loan, September 24, 2028. It is collateralized by the first position Deed of Trust and assignment of rents on La Ceiba Apartments.	-	2,477,243
\$1,395,960 promissory note payable to Rio Grande Valley Multibank Corporation. The annual interest rate is 4.78%. Principal and interest are due and payable in three hundred twenty-one (321) monthly installments. The first three hundred twenty (320) installments are in the amount of \$7,710 each, and one last and final installment in the amount of all principal and accrued interest remaining unpaid. The first installment of principal and accrued interest is due and payable on January 24, 2020 and a like installment will be due and payable on the same day of each succeeding calendar month thereafter until the maturity date. The note is collateralized by an assignment of mortgage notes receivable.	\$ 1,317,531	\$ 1,347,230
\$50,000 promissory note payable to Texas Community Capital, with interest at 1%. Interest only payments are due in monthly installments. The loan matures on . January 29, 2022. The loan is unsecured.	-	50,000
\$2,036,892 promissory note payable to Rhodes Enterprises, Inc, with interest at 3.5%. Principal and interest are due in 6 monthly installements starting January 31, 2023 through June 31, 2023. Loan is collateralized by the security described in a the Deed of Trust, Pledge Agreement, and Secured Promissory Note.	2,036,892	2,036,892
\$2,214,000 promissory note payable to The Housing Partnership Fund, Inc , with interest at 4.25%. Principal and interest are due in monthly installments starting July 1, 2021 through July 1, 2023, maturity date. Loan is secured by the Security agreement and UCC Financing Statements filed with the State of Texas. \$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	527,957	2,214,000
February 23, 2032, maturity date. Loan is secured by Deed of Trust.	3,290,277	-
Total notes payable	19,791,872	21,541,950
Total long-term debt	28,248,584	31,409,728
Less current maturities	3,531,519	3,571,027
Total long-term portion of lines of credit and notes payable	\$ 24,717,065	\$ 27,838,701

NOTE 15: LONG-TERM DEBT (Continued)

Aggregate maturities required on long-term debt at September 30, 2022 are as follows:

Year ending September 30,	
2023	\$ 3,531,519
2024	6,392,693
2025	1,148,380
2026	398,380
2027	398,380
Thereafter	16,379,232
	\$ 28,248,584

NOTE 16: NOTES PAYABLE HPN NMTC II, LLC

Included in long-term debt in Note 15 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.

Included in long-term debt in Note 15 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 17: 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, 2022 totaled \$1,728,372 (\$1,851,862 in 2021).

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, 2022 totaled \$1,673,103 (\$1,039,604 in 2021).

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, 2022 totaled \$1,648,895 (\$418,267 in 2021).

Other liabilities of \$266,158 as of September 30, 2022 (\$292,664 in 2021) 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 18: 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 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, 2022 totaled \$607,706 (\$369,388 for 2021).

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, 2022 totaled \$406,585 (\$189,805 for 2021).

NOTE 19: 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, 2022, contributions to the plan totaled \$193,542 (\$179,081 in 2021).

NOTE 20: 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, 2022, 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 21: 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.

NOTE 21: COMMITMENTS AND CONTINGENCIES (Continued)

<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, 2022, cdcb has \$13,515,965 in mortgage loans receivable outstanding (\$11,938,228 in 2021), \$14,859,828 in investment in homes and land development projects (\$14,249,958 in 2021) and \$3,780,128 in investment in homes and land development projects- NMTC (\$3,619,862 in 2021). Management is of the opinion that the net realizable values have not been impaired.

NOTE 22: PPP LOAN REVENUE

cdcb received a loan in the amount of \$480,700 on February 18, 2021, under the PPP pursuant to the CARES Act and administered by the SBA. The PPP provides for forgivable loans to qualifying businesses. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities and the borrower maintains specified levels of payroll and employment.

cdcb has incurred \$480,700 as of September 30, 2021, respectively, of qualified expenses under the PPP loan and has recognized PPP loan revenue related to these qualifying expenses. The loan has been forgiven by the SBA.

NOTE 23: 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 2022, cdcb received a total of \$513,640 for and fees from RGVMB (\$505,304 for 2021).

NOTE 24: 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.

	Home	Financial		Rental	Real Estate		General and	
For the year ended September 30, 2022	Ownership	Security	Youthbuild	Management	Development	Special Service	Administrative	Total
EXPENSES								
Salaries	\$ 459,107	\$ 195,527	\$ 404,151	\$ 211,727	\$ 157,884	\$ 496,733	\$ 504,108	\$ 2,429,237
Student salaries & stipends	· -	· · · ·	· · · ·	-	· · · · · ·	-	-	-
Fringe benefits	135,227	55,745	154,859	62,958	39,988	147,969	114,379	711,125
Travel	6,987	5,856	4,877	3,719	2,603	37,396	21,938	83,376
Equipment	377	8,959	32,026	8,339	-	11,964	22,002	83,667
Supplies	7,972	3,039	4,826	6,086	1,285	4,174	7,511	34,893
Contractual	58,628	71,472	14,080	322,415	7,471	1,955,136	112,520	2,541,722
Other	513,608	81,416	133,862	677,982	15,975	163,644	249,749	1,836,236
Interest Expense	500,978	-	-	10,457	-	12	37,686	549,133
Cost of Home & Lot Sales	5,137,546	-	-	-	-	-	-	5,137,546
Grants - Homes	596,334	-	-	8,580,895	-	-	-	9,177,229
Depreciation Expense		-	-	191,229	-	-	62,246	253,475
TOTAL EXPENSES	\$ 7,416,764	\$ 422,014	\$ 748,681	\$ 10,075,807	\$ 225,206	\$ 2,817,028	\$ 1,132,139	\$ 22,837,639

	Home	F	inancial				Rental	Re	al Estate			Ge	eneral and		
For the year ended September 30, 2021	Ownership	5	Security	Yc	outhbuild	Ma	anagement	Dev	elopment	Spe	ecial Service	Adr	ministrative		Total
EXPENSES															
Salaries	\$ 446,303	\$	216,301	\$	427,602	\$	241,364	\$	140,261	\$	396,863	\$	496,347	\$:	2,365,041
Fringe benefits	134,203		61,481		123,179		77,998		36,709		104,413		113,925		651,908
Travel	8,067		5		3,905		2,743		1,596		8,095		7,048		31,459
Equipment	6,205		5,529		11,507		253		-		464		12,274		36,232
Supplies	5,628		2,348		2,325		2,105		752		4,921		6,944		25,023
Contractual	75,184		50,580		11,771		61,427		8,798		677,260		85,218		970,238
Other	404,569		45,190		126,591		521,410		13,024		73,074		242,985		1,426,843
Interest Expense	443,573		-		-		-		-		-		51,717		495,290
Cost of Home & Lot Sales	2,633,832		-		-		-		-		-		-	:	2,633,832
Grants - Homes	982,743		-		-		2,298,024		-		-		-	:	3,280,767
Depreciation Expense	-		-		-		165,418		-		-		58,033		223,451
TOTAL EXPENSES	\$ 5,140,307	\$	381,434	\$	706,880	\$	3,370,742	\$	201,140	\$	1,265,090	\$	1,074,491	\$ 1	2,140,084

The cdcb renamed and added lines of business in the 2021 fiscal year. La Puerta was renamed to Financial Security to best describe the program services. Preservation and Single family were combined in order to group activity that relates to Homeownership into one line of business. Single Family consisted of new homebuyers and Preservation focused on current homeowners rebuilding their current sub-standard home, however, they both relate to Homeownership.

Real Estate Development and Rental Management, presented as Multi Family line of business in prior years, were split due to the expansion of the rental unit portfolio thus, Rental Management, becoming its own line of business. Real Estate development's activity relates to all the work needed to produce a unit. This includes subdivision development, rental housing construction, etc.

Community Development Corporation of Brownsville (dba: cdcb | come dream. come build.) and Affiliates Schedule of Loan Delinquency and Aging - Unaudited Year Ended September 30, 2022

Outstanding								
Loan Portfolio		Principal		Amount	Percent			
Products		Balance		Delinquent	Delinquent			
					_			
AHLP	\$	58,542	\$	10,467	17.88%			
CASA loan		7,233,958		467,252	6.46%			
COLONIA		74,083		18,693	25.23%			
MICASITA		749,741		-	0.00%			
FREDDIE MAC		1,664,550		-	0.00%			
FANNIE MAE		1,641,342		-	0.00%			
NSP2		1,725,491		199,989	11.59%			
Lots/other		252,364		20,089	7.96%			
cdcb		33,964		33,964	100.00%			
Totals	\$	13,434,035	\$	750,454	5.59%			
					_			
				Current				
		Loan		Principal	Delinquency			
Bucket		Count		Amount	Percent			
Current loans		240	\$	12,683,581	N/A			
Over 30 days delinquent	: 8			291,730	2.17%			
Over 60 days delinquent		8		266,860	1.99%			
Over 90 days delinquent		6		191,864	1.43%			
Totals		262	\$	13,434,035	5.59%			

Community Development Corporation of Brownsville (dba: cdcb | come dream. come build.) and Affiliates Schedule of Loan Delinquency and Aging - Unaudited Year Ended September 30, 2021

Loan Portfolio	C	Outstanding Principal		Amount	Percent
Products		Balance		Amount Delinquent	Delinquent
Products		Balance		Delinquent	Delinquent
AHLP	\$	157,420	\$	59,502	37.80%
CASA loan		7,141,977		498,185	6.98%
RCLP		5,059		-	0.00%
COLONIA		103,397		13,904	13.45%
MICASITA		549,093		77,135	14.05%
FREDDIE MAC		1,033,588		-	0.00%
FANNIE MAE		411,993			
NSP2		1,848,981		236,292	12.78%
Lots/other		369,776		28,739	7.77%
cdcb		35,528		-	0.00%
Totals	\$	11,656,812	\$	913,757	7.84%
	т		<u> </u>	0 20,7 0 7	7.0.,0
				Current	
		Loan		Principal	Delinquency
Bucket		Count		Amount	Percent
Current loans		251	\$	10,743,055	N/A
Over 30 days delinquent		17		570,274	4.89%
Over 60 days delinquent		2		122,475	1.05%
Over 90 days delinquent		13		221,008	1.90%
Totals		283	\$	11,656,812	7.84%
TULAIS		203	Ą	11,030,012	7.0470