



# **Development Corporation of Tarrant County and Subsidiaries**

**Consolidated Financial Statements with Report of Independent Auditors  
December 31, 2024**



NOVOGRADAC  
& COMPANY LLP®

## Report of Independent Auditors

To the Board of Directors of  
Development Corporation of Tarrant County and Subsidiaries:

### **Opinion**

We have audited the accompanying consolidated financial statements of Development Corporation of Tarrant County and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Development Corporation of Tarrant County and Subsidiaries as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 Development Corporation of Tarrant County and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Development Corporation of Tarrant County and Subsidiaries' 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 Development Corporation of Tarrant County and Subsidiaries' 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.

*Novogradac & Company LLP*

Austin, Texas  
November 19, 2025

DEVELOPMENT CORPORATION OF TARRANT COUNTY AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2024

ASSETS

Cash and cash equivalents	\$	3,261,850
Restricted cash		4,106,708
Investments		1,325,273
Accounts receivable		485,700
Note receivable		951,029
Accrued interest		719,123
Prepaid expenses and other		567,829
House inventory		1,794,063
Right-of-use asset		315,301
Property and equipment, net		<u>94,989,631</u>
Total assets	\$	<u><u>108,516,507</u></u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$	1,933,295
Contractor and retainage payable		1,408,836
Security deposits		164,404
Due to related parties		4,646,989
Lease payable		441,769
Development fee payable		11,893,119
Notes payable		5,317,303
Construction loan payable		25,428,252
Bonds payable		<u>32,527,870</u>
Total liabilities		83,761,837

NON-CONTROLLING INTEREST IN CONSOLIDATED AFFILIATES 16,233,573

NET ASSETS WITHOUT DONOR RESTRICTIONS 8,521,097

Total liabilities and net assets \$ 108,516,507

see accompanying notes

DEVELOPMENT CORPORATION OF TARRANT COUNTY AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024

REVENUE, GAINS AND OTHER SUPPORT	
Federal grants	\$ 435,432
Developer fees	206,545
Sale of property	861,700
Rental income	6,070,623
Investment return, net	346,686
Other income	<u>406,088</u>
Total revenues, gains and other support	8,327,074
EXPENDITURES	
Program services	
Housing	12,243,427
Supporting service expenses	
General and administrative	<u>1,339,284</u>
Total expenditures	<u>13,582,711</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS BEFORE NON-CONTROLLING INTEREST	(5,255,637)
LESS: CHANGE IN NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	<u>4,582,670</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u><u>\$ (672,967)</u></u>

see accompanying notes

DEVELOPMENT CORPORATION OF TARRANT COUNTY AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Controlling Interest</u>	<u>Non-controlling Interests</u>	<u>Total</u>
BALANCE, JANUARY 1, 2024	\$ 9,194,064	\$ 18,118,809	\$ 27,312,873
Contributions by non-controlling interests	-	2,697,434	2,697,434
Change in net assets without donor restrictions	<u>(672,967)</u>	<u>(4,582,670)</u>	<u>(5,255,637)</u>
BALANCE, DECEMBER 31, 2024	<u>\$ 8,521,097</u>	<u>\$ 16,233,573</u>	<u>\$ 24,754,670</u>

see accompanying notes

DEVELOPMENT CORPORATION OF TARRANT COUNTY AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024

EXPENDITURES	Program Services	Supporting Services	Total
Salaries and benefits	\$ 1,857,842	\$ 97,781	\$ 1,955,623
Rent and utilities	746,989	39,315	786,304
Property taxes and fees	758,149	39,903	798,052
Insurance	548,873	28,888	577,761
Dues and subscriptions	6,831	359	7,190
Marketing and advertising	-	164,958	164,958
Legal and other professional fees	-	609,678	609,678
Office supplies and equipment	124,050	6,529	130,579
Other program expenses	254,571	-	254,571
Repairs and maintenance	771,783	40,620	812,403
Bank charges and service fees	7,307	385	7,692
Cost of housing inventory sold	1,254,296	-	1,254,296
Depreciation and amortization	3,772,444	198,550	3,970,994
Interest expense	2,134,042	112,318	2,246,360
Profit-sharing fee	6,250	-	6,250
	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total expenditures	<u>\$ 12,243,427</u>	<u>\$ 1,339,284</u>	<u>\$ 13,582,711</u>

see accompanying notes

DEVELOPMENT CORPORATION OF TARRANT COUNTY AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (5,255,637)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	3,970,994
Amortization of debt issuance costs	152,964
Investment earnings	(51)
Amortization right-of-use asset - prepaid ground lease	827
Changes in	
Accounts receivable	102,149
Accrued interest	(48,008)
Prepaid expenses and other	(31,900)
House inventory	730,710
Accounts payable and accrued expenses	620,471
Security deposits	23,052
Net cash used in operating activities	265,571

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(4,595,607)
Purchase of investments	(44,242)
Net cash used in investing activities	(4,639,849)

CASH FLOWS FROM FINANCING ACTIVITIES

Advances from related parties	757,500
Payment of prepaid financing costs	(400,000)
Payment of developer fee	(333)
Payment of notes payable	(1,112,451)
Repayment of bonds payable	(300,000)
Capital contributions received from noncontrolling interests	2,697,434
Net cash provided by financing activities	1,642,150

Net change in cash, cash equivalents and restricted cash (2,732,128)

Cash, cash equivalents and restricted cash at beginning of year 10,100,686

Cash, cash equivalents and restricted cash at end of year \$ 7,368,558

see accompanying notes

DEVELOPMENT CORPORATION OF TARRANT COUNTY AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2024

Cash and cash equivalents	\$ 3,261,850
Restricted cash	4,106,708
Total cash, cash equivalents and restricted cash	\$ 7,368,558

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest, including capitalized interest of \$4,939,634	\$ 6,929,365
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SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Property and equipment in due to related parties	\$ 1,658,598
Property and equipment in development fee payable	\$ 4,544,990
Property and equipment in capitalized amortization of debt issuance costs	\$ 817,419
Property and equipment in contractor and retainage payable	\$ 172,890

see accompanying notes

DEVELOPMENT CORPORATION OF TARRANT COUNTY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024

1. Nature of operations and summary of significant accounting policies

Basis of presentation and principles of consolidation

The accompanying consolidated financial statements include the accounts of the Development Corporation of Tarrant County ("DCTC") and the following limited liability companies in which DCTC is the sole member are consolidated within DCTC.

Gainesville DCTC, LLC  
Gainesville Senior Living, LLC  
Sansom Ridge GP, LLC  
Sansom Bluff GP, LLC  
The Villas Del San Xavier GP, LLC  
Housing Meridian GP, LLC

The accompanying consolidated financial statements also include the accounts of DCTC and the limited partnerships listed below in which DCTC has a controlling financial interest as a sole member, general partner or manager.

MAEDC Gainesville Seniors, LP  
Sansom Ridge, LP  
Sansom Bluff, LP  
San Germaine, LP.

DCTC and its consolidated entities are collectively referred to as the "Organization". All significant interorganizational balances and transactions have been eliminated in consolidation.

Cost method accounting

Housing Meridian GP, LLC uses the cost method to account for its non-controlling general partnership interest in 4450 Marine Creek Parkway (TX) Owner LP ("MCP") (see Note 15). Under the cost method, the investment is originally recorded at cost and is adjusted to recognize dividends as income which is presented in equity in earnings or loss of unconsolidated partnership in the accompanying consolidated statement of activities.

Nature of operations

DCTC was incorporated in 1998 and is a not-for-profit organization whose mission is to lessen the burden of government, combat community deterioration, and relieve the poor and distressed by performing activities to ensure that low- and moderate-income residents of Tarrant County, Texas have access to decent, affordable housing and community-based facilities in all areas of the county. DCTC is primarily supported by grant funds which are passed through Tarrant County from the U.S. Department of Housing and Urban Development and the proceeds from the sale of those grant-funded houses.

MAEDC Gainesville Seniors, LP ("MAEDC"), a Texas limited partnership, was formed on October 28, 2003, to construct, develop and operate a 76-unit apartment project known as Summit Senior Village, in Gainesville, Texas. The project is rented to low-income tenants and is operated in a manner necessary to qualify for federal low-income housing tax credits ("Housing Tax Credits") as provided for in Section 42 of the Internal Revenue Code ("IRC").

The general partner is Gainesville DCTC, LLC. The limited partner is Gainesville Senior Living, LLC. The general partner and the limited partner of MAEDC are wholly owned by DCTC. DCTC is a community housing development organization ("CHDO"), as designated by the Texas Tax Code. As such, MAEDC is eligible for and receives ad valorem tax exemptions on its rental property.

DEVELOPMENT CORPORATION OF TARRANT COUNTY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024

1. Nature of operations and summary of significant accounting policies (continued)

Nature of operations (continued)

Profits, losses, and tax credits of MAEDC are allocated in accordance with the amended and restated limited partnership agreement dated July 28, 2020, and amendments thereon. Profits and losses from MAEDC's operations and its Housing Tax Credits are allocated 0.01 % to its general partner and 99.99% to its limited partner.

Sansom Ridge, LP ("Sansom Ridge") was formed on January 26, 2016, to construct, develop and operate a 100-unit apartment project known as Sansom Ridge Apartments, in Sansom Park, Texas. The general partner is Sansom Ridge GP, LLC and is solely owned by DCTC. The project is rented to low-income tenants and is operated in a manner necessary to qualify for Housing Tax Credits as provided for in Section 42 of the IRC.

The initial investor limited partner was Sansom Ridge SLP, LLC; however, on August 1, 2016, Sansom Ridge SLP, LLC transferred 99.98% of its interest in Sansom Ridge, LP to Garnet LIHTC Fund XLVIII, LLC. After the transfer on August 1, 2016, Sansom Ridge SLP, LLC became the Class B limited partner. The special limited partner is Transamerica Affordable Housing, Inc. Sansom Ridge, LP will operate until December 31, 2070, or until its earlier dissolution or termination.

Profits, losses and tax credits of Sansom Ridge are allocated in accordance with the amended and restated limited partnership agreement dated August 1, 2016, and amendments thereon. Profits and losses from operations and Housing Tax Credits are allocated 0.01% to Sansom Ridge's general partner, 99.98% to its investor limited partner, 0.00% to its special limited partner and 0.01% to its Class B limited partner.

Pursuant to its amended and restated limited partnership agreement, Sansom Ridge's investor limited partner is required to provide capital contributions totaling \$7,735,538, subject to adjustments based on the amount and timing of Housing Tax Credits allocated to its project in addition to other occurrences which are fully explained in its amended and restated limited partnership agreement. The required capital contributions were reduced to \$7,374,130, by \$361,408 for downward adjustments based on the amount and timing of Housing Tax Credits. As of December 31, 2024, Sansom Ridge's limited partner had provided cumulative capital contributions in the amount of \$7,374,130.

Sansom Bluff, LP ("Sansom Bluff") was formed on October 19, 2017, to construct, develop and operate a 296-unit apartment project known as Sansom Bluff Apartments in Sansom Park, Texas. The apartments are rented to low-income tenants and are operated in a manner necessary to qualify for Housing Tax Credits as provided for in Section 42 of the IRC. The general partner is Sansom Bluff GP, LLC and is solely owned by DCTC. The investor limited partner is BF Sansom Bluff, LLC. Sansom Bluff LDG SLP, LLC is the Class B limited partner. The special limited partner is BFIM Special Limited Partner, Inc. Sansom Bluff, LP will operate until December 31, 2070, or until its earlier dissolution or termination.

Profits, losses and tax credits of Sansom Bluff are allocated in accordance with the amended and restated limited partnership agreement dated November 1, 2018, and amendments thereon. Profits and losses from operations and Housing Tax Credits are allocated 0.01% to Sansom Bluff's general partner, 99.98% to its investor limited partner and 0.01% to its Class B limited partner.

DEVELOPMENT CORPORATION OF TARRANT COUNTY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024

1. Nature of operations and summary of significant accounting policies (continued)

Nature of operations (continued)

Pursuant to Sansom Bluff's amended and restated limited partnership agreement, the investor limited partner is required to provide capital contributions to Sansom Bluff, LP totaling \$17,203,000, subject to adjustments based on the amount and timing of Housing Tax Credits allocated to the project in addition to other occurrences which are fully explained in the amended and restated limited partnership agreement. The required capital contributions were increased to \$17,266,966 by \$63,966 for upward adjustments based on the amount and timing of Housing Tax Credits. As of December 31, 2024, Sansom Bluff's investor limited partner had provided all required capital contributions.

San Germaine, LP ("San Germaine"), was formed on August 14, 2019 to develop, construct and operate an affordable housing apartment complex to be known as Villas Del San Xavier, consisting of 156 total units in 27 residential buildings (and 1 nonresidential clubhouse building) located in San Marcos, Texas. San Germaine expects that the project will qualify for Housing Tax Credits under Section 42 of the IRC. The general partner is The Villas Del San Xavier GP, LLC and is solely owned by DCTC. The investor limited partner is AHP Housing Fund 227, LLC. The special limited partner is SGTX Development, LLC.

Profits, losses and tax credits of San Germaine are allocated in accordance with its amended and restated limited partnership agreement dated July 23, 2021. Profits and losses from operations and Housing Tax Credits are allocated 0.005% to San Germaine's general partner, 99.99% to its investor limited partner and 0.005% to its special limited partner.

Pursuant to San Germaine's amended and restated limited partnership agreement, its investor limited partner is required to provide capital contributions to San Germaine, LP totaling \$15,563,068, subject to adjustments based on the amount and timing of Housing Tax Credits allocated to the project in addition to other occurrences which are fully explained in its amended and restated limited partnership agreement. As of December 31, 2024, its investor limited partner had provided capital contributions in the amount of \$7,699,921.

Use of estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents.

Restricted cash

Restricted cash includes cash held with financial institutions for refunds of tenant security deposits, operating deficits, project construction, annual tax and insurance payments, administration of bond proceeds, interest reserves, debt repayment, and for funding of repairs or improvements to the buildings.

Investments and net investment return

Investments consist of certificates of deposits with original maturities of twelve months. The certificates of deposit are valued at cost, which approximates fair value. Investment return includes interest earned on cash and cash equivalents and certificates of deposit.

DEVELOPMENT CORPORATION OF TARRANT COUNTY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024

1. Nature of operations and summary of significant accounting policies (continued)

Accounts receivable

Accounts receivable consists primarily of amounts due from government agencies in accordance with cost-reimbursement contracts. These receivables are considered fully collectible and therefore, the Organization does not consider an allowance necessary at December 31, 2024.

Note receivable

Note receivable is reported at the outstanding principal balance. Note receivable represents a loan made to a partnership to provide financing to construct two apartment complexes for low-to-moderate income family households. Interest income on the note receivable is recognized when earned.

House inventory

Houses that are purchased or constructed with the intent to resell to low-income families are recorded at cost including any needed repairs.

Right-of-use asset

Sansom Ridge, LP determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration.

Operating lease right-of use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Sansom Ridge, LP uses its incremental borrowing rate at the commencement date in determining the present value of lease payments. Using the incremental borrowing rate requires judgment and is based on the interest rate secured on Sansom Ridge, LP's permanent loan financing at the time of lease commencement.

The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The ground lease agreement does contain material residual value guarantees or material restrictive covenants. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Sansom Ridge, LP accounts for its ground lease as an operating lease and records expense based on the average minimum yearly base lease accrual calculated over the term of the lease (see Note 11). The cumulative difference between the annual expense and the actual base lease amount will be recorded as a lease payable in the accompanying consolidated statement of financial position.

Fixed assets and depreciation

Property and equipment with a cost greater than \$1,000 and a useful life greater than one year are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Depreciation expense during 2024 was \$3,970,994.

The useful lives of the assets are estimated as follows:

Building and improvements	3 - 40 years
Furniture and equipment	3 - 10 years

DEVELOPMENT CORPORATION OF TARRANT COUNTY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024

1. Nature of operations and summary of significant accounting policies (continued)

Impairment of long-lived assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. No impairment losses were recognized during 2024.

Government grants

Support funded by grants is recognized as the Organization meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. No adjustments have been required during 2024.

Revenue recognition

Rental income is recognized as rent becomes due. All leases between the Organization and the tenants of the property are operating leases. Rental payments received in advance are deferred until earned, if applicable. Other income resulting from fees earned for late payments, cleaning, damages, and laundry facilities recognized when earned. Property sales from house inventory is recognized once sold. Investment income is recognized when earned from cash held in financial institutions and notes receivable.

Developer fees

Developer fees are generally earned by DCTC at a rate of either 15% of the sales price on all projects funded by Tarrant County or 15% and 10% of the development cost on all City of Arlington and City of Fort Worth projects, respectively.

On July 18, 2024, DCTC entered into a development fee sharing agreement with 4450 Marine Creek Parkway (TX) Developer LLC ("MCPD") to assist with providing development services. In exchange for providing its services, DCTC is entitled to receive 15% of the development fee paid before it is deferred. During 2024, DCTC earned \$30,000.

Income taxes

DCTC is exempt from federal income taxes under IRC Section 501(c)(3) and a similar provision of state law. However, DCTC is subject to federal income tax on any unrelated business taxable income. DCTC files tax returns in the U.S. federal jurisdiction. With a few exceptions, DCTC is no longer subject to U.S. federal examinations by tax authorities for years before 2021.

Income taxes on partnership income for MAEDC, Sansom Ridge, LP, Sansom Bluff, LP, San Germaine, LP ("Consolidated Entities") are levied on the partners at the partner level. Accordingly, all profits and losses of the Consolidated Entities are recognized by each partner on its respective tax return.

DEVELOPMENT CORPORATION OF TARRANT COUNTY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 2024

1. Nature of operations and summary of significant accounting policies (continued)

Income taxes (continued)

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires the Consolidated Entities to report information regarding its exposure to various tax positions taken by the Consolidated Entities. Management has determined whether any tax positions have met the recognition threshold and has measured the Consolidated Entities' exposure to those tax positions. Management believes that the Consolidated Entities have adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Organization are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying consolidated financial statements.

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions.

The value recorded for each contribution is recognized as follows:

<b>Nature of the gift</b>	<b>Value recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

Conditional contributions which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

2. Restricted cash

Cash held in separate account

DCTC receives grant funds to acquire and rehabilitate housing units for resale to eligible homebuyers. The grant agreement requires that the unspent grant proceeds and proceeds from the sale of houses be placed in a separate bank account. As of December 31, 2024, the balance in this account totaled \$61,283.

Tenant security deposits

MAEDC maintains a separate account for tenant security deposits held in trust. As of December 31, 2024, the security deposits balance was \$17,121.

DEVELOPMENT CORPORATION OF TARRANT COUNTY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024

2. Restricted cash (continued)

Tenant security deposits (continued)

Sansom Ridge, LP maintains a separate account for tenant security deposits held in trust. As of December 31, 2024, the security deposits balance was \$35,809.

Sansom Bluff, LP maintains a separate account for tenant security deposits held in trust. As of December 31, 2024, the security deposits balance was \$98,502.

San Germaine, LP maintains a separate account for tenant security deposits held in trust. As of December 31, 2024, the security deposits balance was \$38,358.

Bond funds

Sansom Ridge, LP and Sansom Bluff, LP established various funds and accounts held with the Bank of Texas, N.A. and BOKF, NA. San Germaine established various funds and accounts held with Wilmington Trust, NA.

The bond funds are used for payments including, but not limited to, construction of its projects, interest, fees and repayment of the bonds. As of December 31, 2024, the balances of the bond funds of Sansom Ridge, LP, Sansom Bluff, LP and San Germaine, LP were \$96,188, \$268,671 and \$752,209, respectively, and are recorded in restricted cash in the accompanying consolidated statement of financial position.

Tax and insurance escrow

Sansom Ridge, LP has monthly deposits that are made to the Bank of Texas, N.A. for the payment of property taxes. All deposits are pledged as additional security for the project's mortgage. As of December 31, 2024, the balance of the property tax escrow was \$241,975.

Sansom Bluff, LP has monthly deposits that are made to BOKF, NA for the payment of property tax and insurance. As of December 31, 2024, the property tax and insurance escrow balance was \$708,557.

Replacement reserve

Pursuant to the Sansom Ridge, LP amended and restated limited partnership agreement, beginning in the month in which the last unit is leased to a tenant, Sansom Ridge, LP is required to make annual deposits equal to \$250 per unit, increasing annually by 3% beginning on January 1 of the first fiscal year following the initial funding of the replacement reserve. Withdrawals from the replacement reserve greater than \$10,000 require the approval of its investor limited partner, special limited partner and Class B limited partner. As of December 31, 2024, the replacement reserve was \$153,074, and is recorded in restricted cash in the accompanying consolidated statement of financial position.

Pursuant to the Sansom Bluff, LP amended and restated limited partnership agreement, beginning in the month in which the last unit is leased to a tenant, the Sansom Bluff, LP is required to make annual deposits equal to \$250 per unit, increasing annually by 3% beginning on January 1 of the first fiscal year following the initial funding of the replacement reserve. Withdrawals from the replacement reserve are required to be used for capital improvements and repairs to its project and require the approval of its special limited partner. As of December 31, 2024, the replacement reserve was \$153,774, and is recorded in restricted cash in the accompanying consolidated statement of financial position.

Pursuant to the San Germaine amended and restated limited partnership agreement, San Germaine is required to make annual deposits equal to \$250 per unit, increasing 3% annually. Withdrawals from the replacement reserve are required to be used for capital improvements and repairs to its project and require the approval of its investor limited partner. As of December 31, 2024, the replacement reserve had not been funded.

DEVELOPMENT CORPORATION OF TARRANT COUNTY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024

2. Restricted cash (continued)

Expense reserve

MAEDC established a reserve for the payment of expenses related to the operations of its project when prompt payment is required prior to delinquency. As of December 31, 2024, the balance of the expense reserve was \$365,750, and is recorded in restricted cash in the accompanying consolidated statement of financial position.

Certificate of deposit

MAEDC maintains a certificate of deposit fund held by Veritex Community Bank. As of December 31, 2024, there was no remaining fund balance.

Earn-out reserve

Pursuant to the Sansom Ridge, LP amended and restated limited partnership agreement, upon receipt of its investor limited partner's third contribution, Sansom Ridge, LP is required to deposit \$775,000 into an earn-out reserve account in accordance with the trust indentures. Disbursements from the earn-out reserve require the approval of its investor limited partner and special limited partner. As of December 31, 2024, the balance of the earn-out reserve was \$1,661.

Operating reserve

Pursuant to the Sansom Ridge, LP amended and restated limited partnership agreement, upon the receipt of its investor limited partner's fourth federal payment contribution, Sansom Ridge, LP is required to deposit \$485,494 into an operating reserve account in order to fund operating deficits through the compliance period of the Sansom Ridge, LP. Disbursements from the operating reserve require the approval of its investor limited partner, special limited partner and Class B limited partner. During 2019, LDG Development, LLC ("LDG"), a related party of its Class B limited partner, obtained an irrevocable letter of credit from Republic Bank & Trust Company in the amount of \$485,494, to the benefit of its trustee, to be used to fund operating deficits of Sansom Ridge, LP, in lieu of funding the operating reserve account. The irrevocable letter of credit renews annually in successive one-year periods unless otherwise cancelled, until the final expiry date of June 28, 2034. During 2021, the irrevocable letter of credit was renewed through June 24, 2022, and was not renewed subsequent to this date. As of December 31, 2024, the operating reserve was \$22.

Pursuant to the Sansom Bluff, LP amended and restated limited partnership agreement, upon receipt of its investor limited partner's fourth federal payment contribution, Sansom Bluff, LP is required to deposit \$1,031,000 into an operating reserve account in order to fund operating deficits through the compliance of Sansom Bluff, LP. Disbursements from the operating reserve require the approval of its special limited partner. As of December 31, 2024, the operating reserve was \$1,113,754.

Pursuant to the San Germaine amended and restated limited partnership agreement, upon receipt of its investor limited partner's third capital contribution, San Germaine is required to deposit \$700,000 into an operating reserve account to fund the operating deficits through the compliance period of San Germaine. Disbursements from the operating reserve require the approval of its investor limited partner. As of December 31, 2024, its investor limited partner's third capital contribution had not been provided and the operating reserve had not been funded.

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3. Notes receivable

DCTC made a loan to a partnership to provide financing to construct two apartment complexes for low-to-moderate income family households. This action furthers its mission to supply affordable housing.

This loan is detailed below as of December 31, 2024.

Annual payments of \$61,404, including interest of 5.02% to begin after the borrower's 2009 fiscal year-end, subject to available net cash flow, maturing October 27, 2036, secured by the complex, subordinated to a first lien holder.	\$ 951,029
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Interest is recognized when earned. Accrued interest on this note receivable was \$719,123 as of December 31, 2024. Based upon evaluation of the property's operations, management considers the note and accrued interest fully collectible, and no allowance is necessary. Since the loan is fully collateralized by the properties, management considers the credit risk to be minimal.

4. House inventory

DCTC constructs and rehabilitates housing units with the intent of reselling them to low-income families. During the year ended December 31, 2024, DCTC has completed and sold homes with costs as detailed below:

Inventory, at beginning of year	\$ 2,508,221
Rehabilitation expenses	540,138
Sale of homes	<u>(1,254,296)</u>
Balance, at end of year	<u>\$ 1,794,063</u>

5. Property and equipment

Property and equipment as of December 31, 2024 consists of:

Land	\$ 3,305,000
Building and building improvements	104,564,530
Furniture, equipment, and software	<u>5,394,662</u>
Total fixed assets	113,264,192
Less: accumulated depreciation	<u>(18,274,561)</u>
Property and equipment, net	<u>\$ 94,989,631</u>

6. Line of credit

DCTC had a line of credit in the amount of \$1,000,000 to accommodate cash flow needs and had borrowed \$609,973 against the line of credit. As of December 31, 2024, there was no outstanding balance.

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7. Construction loan payable

Governmental note payable

San Germaine entered into a governmental note payable to finance the construction of its project with a maximum amount of \$25,550,000. The governmental note matures on February 1, 2039 and was expected to convert to their permanent phase on February 1, 2024, but was extended to August 1, 2026. At conversion, the governmental note will be paid down to \$20,000,000. The governmental note requires monthly interest only payments which commenced on September 1, 2021 and will end on August 1, 2026. From thereafter to maturity, the governmental note requires monthly payments of principal and interest. The governmental note bears monthly interest at the Wall Street Journal Prime Rate (“WSJPR”) plus 1.5% before conversion and 4.32% per annum thereafter. On July 26, 2021, a refundable \$400,000 deposit was made to lock the permanent loan rate. This amount is included in prepaid expenses and other on the accompanying consolidated statement of financial position.

During 2024, interest costs of \$4,984,381 were capitalized to property and equipment, and \$90,867 were expensed. As of December 31, 2024, the principal balance was \$25,550,000 and is included in construction loan payable in the accompanying consolidated statement of financial position. For the year ended December 31, 2024, there was no outstanding interest.

As of December 31, 2024, the governmental note payable consisted of:

Principal balance	\$ 25,550,000
Less: unamortized debt issuance costs	<u>(825,846)</u>
Governmental note payable, net of unamortized debt issuance costs	<u>\$ 24,724,154</u>

Debt issuance costs of \$2,084,283 were amortized to interest expense over the term of the governmental note and capitalized to property and equipment while its project was under construction. During 2024, the effective interest rate was 5.31%. For the year ended December 31, 2024, debt issuance costs of \$817,419 were capitalized to property and equipment and \$60,884 were expensed. As of December 31, 2024, accumulated amortization was \$1,962,535.

For each of the next five years and thereafter, future minimum principal payments are due as follows:

For the year ending December 31,

2025	\$ -
2026	5,632,179
2027	253,746
2028	264,928
2029	276,602
Thereafter	<u>19,122,545</u>
Total	<u>\$ 25,550,000</u>

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7. Construction loan payable (continued)

Bridge loan payable

San Germaine obtained a construction bridge loan in the amount of \$2,100,000 from Churchill Mortgage Construction, LLC for the funding of construction of its project. The bridge loan is secured by its project, bears monthly interest rate of WSJPR plus 2.5% and is due in monthly installments of interest only. Monthly interest payments began on September 1, 2021 and are required until the bridge loan is repaid. The bridge loan is required to be repaid on August 1, 2026. As of December 31, 2024, outstanding principal balance was \$704,098.

For each of the next two years, future minimum principal payments are due as follows:

For the year ending December 31,

2025	\$	-
2026		<u>704,098</u>
Total	\$	<u>704,098</u>

8. Notes payable

Seller loan payable

On July 26, 2021, San Germaine executed a \$974,881 seller loan payable to Senior Living San Marcos, LLC to purchase the land for its project. The seller loan is secured by its project and bears interest at a rate of 4% per annum, compounded annually. The seller loan is repaid through available cash flow and matures on August 26, 2051, when all outstanding interest and principal are paid in full. As of December 31, 2024, outstanding principal and accrued interest were \$974,881 and \$140,006, respectively.

Residential construction notes payable

On May 24, 2023, DCTC entered three residential construction contracts with Veritex Community Bank and City of Fort Worth in the amounts of \$280,822, \$277,052, and \$275,653, respectively. Each residential construction contract bore an interest rate of 9.5% and matured on May 24, 2024. As of December 31, 2024, the principal balance was paid in full.

On February 22, 2024, DCTC entered into a residential construction note with the City of Fort Worth in the amount of \$175,230. The residential construction note bears interest 0% per annum and payable in full on the maturity date, February 27, 2027. As of December 31, 2024, the principal balance was \$23,815.

For each of the next three years, future minimum principal payments are due as follows:

For the year ending December 31,

2025	\$	-
2026		-
2027		<u>175,230</u>
Total	\$	<u>175,230</u>

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8. Notes payable (continued)

Mortgage payable

On June 21, 2022, MAEDC refinanced its mortgage with a note payable from Veritex Community Bank in the amount of \$4,500,000. The note payable bears interest at a rate of 4.75% per annum and is payable in monthly installments of principal and interest of \$23,665 until maturity. The note is secured by its property. The original maturity date of June 21, 2023 was extended to June 21, 2030. See Note 20 for details of the modification. During 2024, interest expense was \$210,675. As of December 31, 2024, the outstanding principal balance and accrued interest were \$4,322,593 and \$17,679, respectively.

As of December 31, 2024, the mortgage payable consisted of:

Principal balance	\$ 4,322,593
Less: unamortized debt issuance costs	(3,986)
Note payable, net of unamortized debt issuance costs	\$ 4,318,607

Debt issuance costs of \$49,985 are amortized to interest expense over the term of the loan. During 2024, the effective interest rate was 5.13% and amortization of debt issuance costs was \$20,686.

For each of the next five years and thereafter, future minimum principal payments are due as follows:

For the year ending December 31,

2025	\$ 110,912
2026	70,045
2027	74,195
2028	77,283
2029	83,198
Thereafter	3,906,960
Total	\$ 4,322,593

9. Bonds payable

Series 2016A

In order to provide funds for Sansom Ridge, LP to finance the construction of its project, Tarrant County Housing Finance Corporation (“TCHFC”) issued Multi-Family Housing Revenue Bonds (Sansom Ridge Apartments) Series 2016A (the “Series A Bonds”) in the principal amount of \$9,500,000, which are secured by its project. On August 1, 2016, FMSbonds, Inc. (“FMS”) entered into a purchase agreement with TCHFC whereby it agreed to purchase the bonds and lend the proceeds to Sansom Ridge, LP.

Sansom Ridge, LP executed a note with TCHFC which set forth its obligation to pay to the trustee sufficient funds to enable the trustee to pay any principal, premiums, and interest due on the bonds. TCHFC assigned its rights, title and interest, subject to certain contingency claims, in the notes to the trustee.

The Series A Bonds bear interest at the rate of 4.50% per annum and mature on July 1, 2056. The Series A Bonds are subject to optional redemption in whole or in part on or after January 1, 2033.

During 2024, interest of \$314,381 was incurred. As of December 31, 2024, outstanding principal was \$7,495,000 and no interest was accrued.

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9. Bonds payable (continued)

Series 2016A (continued)

As of December 31, 2024, Series A Bonds payable consisted of:

Principal balance	\$ 7,495,000
Less: unamortized debt issuance costs	(196,958)
Series A Bonds, net of unamortized debt issuance cost	\$ 7,298,042

Debt issuance costs of \$406,627 associated with the Series A Bonds are being amortized to interest expense over the term of the bonds. During 2024, the effective interest rate was 4.83% and amortization of debt issuance costs was \$24,901.

For each of the next five years and thereafter, future minimum principal payments are due as follows:

For the year ending December 31,

2025	\$ 110,000
2026	115,000
2027	115,000
2028	125,000
2029	130,000
Thereafter	6,900,000
Total	\$ 7,495,000

Series 2018

In order to provide funds for Sansom Bluff to finance the construction of its project, TCHFC issued Multifamily Housing Revenue Bonds (Sansom Bluff Apartments) Series 2018 (the “Series 2018 Bonds”) in the principal amount of \$28,865,000, which are secured by its project. On November 1, 2018, FMS entered into a purchase agreement with TCHFC whereby it agreed to purchase the bonds and lend proceeds to Sansom Bluff, LP.

The Series 2018 Bonds were issued on November 1, 2018, and bear interest at 5.225% per annum. Interest payments are due monthly, commencing January 1, 2019.

Principal and interest payments are due quarterly, commencing January 1, 2022, and mature on December 1, 2058. During 2024, interest expense of \$1,464,157 was incurred. As of December 31, 2024, the outstanding principal balance and accrued interest were \$26,335,000 and \$125,683, respectively.

As of December 31, 2024, Series 2018 Bonds payable consisted of:

Principal balance	\$ 26,335,000
Less: unamortized debt issuance costs	(1,105,172)
Series 2018 Bonds, net of unamortized debt issuance costs	\$ 25,229,828

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9. Bonds payable (continued)

Series 2018 (continued)

For each of the next five years and thereafter, future minimum principal payments are due as follows:

For the year ending December 31,

2025	\$ 235,000
2026	250,000
2027	265,000
2028	275,000
2029	295,000
Thereafter	<u>25,015,000</u>
Total	<u>\$ 26,335,000</u>

Debt issuance costs of \$1,629,024 associated with the Series 2018 Bonds are being amortized to interest expense over the term of the bonds. During 2024, the effective interest rate was 5.39% and amortization of debt issuance costs was \$46,493.

10. Application and distribution of operating cash flow

Pursuant to the Sansom Ridge, LP amended and restated limited partnership agreement, operating cash flow is distributable as follows:

1. To its investor limited partner to pay any unpaid excess federal adjuster and/or any capital adjuster distribution;
2. To Aegon USA Realty Advisors, LLC (“Aegon”) to pay any unpaid asset management fees;
3. \$250 per unit into the replacement reserve, increased annually by 3%
4. To the payment of the development fee until it is paid in full;
5. \$15,000 to LDG, to pay the annual rent pursuant to the ground lease agreement
6. To the repayment of any operating deficit loans;
7. 90% of the remaining balance to pay the incentive management fee, and thereafter as a distribution; and
8. The remaining balance to its partners in accordance with their respective partnership interests.

Pursuant to the Sansom Bluff, LP amended and restated limited partnership agreement, available cash flow is distributable as follows:

1. To its investor limited partner in the amount of any accrued and unpaid asset management fees;
2. To its investor limited partner in the amount of any unpaid tax credit shortfall payments;
3. To replenish the operating reserve up to the operating reserve initial amount;
4. To the payment of any deferred development fee note;
5. To pay principal and interest on the HOME loan up to an amount of \$54,635;
6. To its general partner as repayment of any outstanding voluntary loans; and
7. To payment of the deferred property management fee, if any, and any outstanding operating expense loans.

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10. Application and distribution of operating cash flow (continued)

Pursuant to the San Germaine, LP Partnership Agreement, operating cash flow is distributable as follows:

1. To its investor limited partner to pay any unpaid asset management fees, then to the payment of any outstanding excess investor LP loan amount, then to the payment of Partnership Agreement San Germaine, LP any outstanding excess special LP loan amount and then to the payment of any remaining investor LP loans or special LP loans;
2. To the payment of the deferred development fee until paid in full;
3. To the repayment of any outstanding guarantor loans;
4. To the payment of the seller loan until paid in full; and
5. The remaining balance to the partners in accordance with their respective partnership interests.

11. Related party transactions

Right-of-use asset and lease payable

On August 1, 2016, Sansom Ridge entered into a 75-year ground lease agreement (the "Ground Lease") with LDG. Sansom Ridge is bound by the responsibilities and obligations in the Ground Lease. Annual rent in the amount of \$15,000 is required to be paid from available cash flow. The ground lease requires no minimum annual lease payments. During 2024, ground lease rent expense of \$15,072 was incurred. As of December 31, 2024, right of use asset was \$315,301 and the lease payable to LDG was \$441,769.

Development fee payable

Pursuant to the development services agreement between Sansom Ridge and LDG Multifamily, LLC (the "Developer"), a related party of its Class B limited partner, the Developer earned a development fee in the amount of \$2,351,540 for services rendered overseeing the construction of its project, which is payable from capital contributions and available cash flow. The development fee payable does not bear interest. The development fee payable is required to be paid in full by December 31st of the 15th year, following the year in which substantial completion occurs. As of December 31, 2024, the development fee payable was \$2,089,978.

Pursuant to the development services agreement between Sansom Bluff and the Developer, a related party of the Class B limited partner, the Developer earned a development fee in the amount of \$5,974,504 for services rendered to Sansom Bluff, LP for overseeing the construction of its project, and is payable from capital contributions and available cash flow. The development fee payable bears no interest. The development fee payable is required to be paid in full by the 13th anniversary of the completion date. As of December 31, 2024, development fee payable of \$5,258,151 was outstanding.

Pursuant to the development services agreement between San Germaine and San Germaine, LLC, a related party of its special limited partner, San Germaine, LLC is entitled to earn a development fee in the amount of \$4,744,990 for services rendered to the partnership for overseeing the construction of the project, payable from capital contributions and operating cash flow. As of December 31, 2024, development fee payable of \$4,544,990 was outstanding.

Contractor and retainage payable

Sansom Bluff entered into a construction agreement with DCTC for the original contract sum of \$33,521,307, plus change orders of \$399,197. As of December 31, 2024, there was no outstanding balance.

MAEDC entered into a construction agreement with a general contractor to repair the damage done due to the 2021 winter storm. As of December 31, 2024, the contractor and retainage payable was paid in full.

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11. Related party transactions (continued)

Contractor and retainage payable (continued)

On July 14, 2021, San Germaine entered into a construction contract with North South Building LLC for the construction of its property. As of December 31, 2024, the outstanding amount due to the contractor was \$1,408,836 and is included in "Contractor and retainage payable" on the accompanying consolidated statement of financial position.

Operating deficit loans

Pursuant to Sansom Ridge's Partnership Agreement, if the partnership requires any funds to cover operating deficits during the operating deficit guaranty period, its general partner is required to provide operating deficit loans up to \$1,900,000. The operating deficit guaranty period begins on the rent-up date and ends on 5th anniversary of the investor limited partner's Fourth Federal Payment contribution. The investor limited partner's Federal Payment contribution occurred on June 28, 2019. As of December 31, 2024, no operating deficit loans were provided.

Pursuant to Sansom Bluff's Partnership Agreement, its Class B limited partner is required to furnish amounts required by the partnership to fund operating deficits, beginning on the admission date and ending on the fifth anniversary of the development obligation date. As of December 31, 2024, the development obligation date had not yet occurred. Operating deficits funded by its Class B limited partner prior to the development obligation date are deemed special capital contributions and are not repayable. After the development obligation date, amounts provided by its Class B limited partner to fund operating deficits are considered operating expense loans, and are limited to \$2,062,000. The operating expense loans are unsecured, non-interest bearing, and repayable from surplus cash. As of December 31, 2024, no operating deficits had occurred or were required to be funded.

Pursuant to San Germaine's Partnership Agreement, upon the stabilization date its special limited partner is required to provide capital contributions for operating deficits up to \$1,100,000. The obligation to provide operating deficit contributions ends on the fifth anniversary of the stabilization date. Operating deficit contributions are repayable from surplus cash. Prior to achievement of the stabilization date, the required operating deficit contributions are unlimited. All loans are to be made in the form of guarantor loans. As of December 31, 2024, no operating deficits contributions had been funded.

Due to related parties

Sansom Ridge received advances from the Developer for various working capital needs. The advances are non-interest bearing, unsecured, and repayable from available cash flow. As of December 31, 2024, advances due to the Developer were \$1,797,000, which are included in due to related parties in the accompanying consolidated statement of financial position.

Sansom Bluff received advances from the Developer for various working capital needs. The advances are non-interest bearing, unsecured, and repayable from available cash flow. As of December 31, 2024, advances due to the Developer were \$473,000, which are included in due to related parties in the accompanying consolidated statement of financial position.

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11. Related party transactions (continued)

Due to related parties (continued)

San Germaine received advances from multiple related parties of its special limited partner to fund developmental deficits. Together, the sum of these loans are the development deficit loan. All advances are non-interest-bearing, unsecured, repayable from available cash flow, and are included in due to related parties on the accompany consolidated statement of financial position. Below are the balances due to each party as of December 31, 2024:

SGTX Development, LLC	\$	57,226
Senior Living Real Estate, LLC		634,525
TX Senior Living, LLC		200,000
Michael Cordon		226,729
GSR Contractors, LLC		538,515
Shaw Feddern, LP		<u>313,244</u>
Total	\$	<u>1,970,239</u>

San Germaine received advances from its investor limited partner for various working capital needs in the form of an excess investor LP loan. The advances bear compounding interest at 12% per annum, are unsecured, and repayable from available cash flow. During 2024, interest costs of \$8,406 were expensed. As of December 31, 2024, outstanding principal and accrued interest were \$406,750 and \$8,406, respectively, and are included in due to related parties and accounts payable and accrued expenses, respectively, in the accompanying consolidated statement of financial position.

12. Defined contribution plan

The Organization has a defined contribution plan, which allows its employees to elect to have a portion of their salary deposited directly into a 401(k) account on their behalf. In addition to their own salary deferrals, they may be eligible to receive an additional employer contribution under the plan. The Organization contributed \$26,525 as employer contributions for the year ended December 31, 2024.

13. Functional allocation of expenses

Certain costs attributable to more than one function have been allocated amount the program and supporting services based on the direct identification, square footage and other methods.

14. Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2024, is \$5,072,823. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

15. Investment in unconsolidated partnership

DCTC is the sole managing member of Housing Meridian GP, LLC, who owns 0.0049% interest of MCP, which was formed on June 27, 2024, for the purpose of acting as the general partner of MCP. As of December 31, 2024, the investment balance was \$51 and was included in investments in the accompanying consolidated statement of financial position.

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16. Low-income housing tax credits

Sansom Ridge expects to generate an aggregate of \$7,143,420 of Housing Tax Credits. Generally, such Housing Tax Credits are expected to become available for use by its partners' pro-rata over a ten-year period that began in 2017. The year in which the credit period begins is determined on a building-by-building basis within the partnership. In order to qualify for these credits, the project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation.

The partnership has also agreed to maintain and operate its project as low-income housing for an additional 15 years beyond the initial 15-year compliance period. Because the Housing Tax Credits are subject to compliance with certain requirements, there can be no assurance that the aggregate amount of Housing Tax Credits will be realized, and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of Housing Tax Credits than expected in future years, and/or recapture of Housing Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to its investor limited partner under the terms of the partnership agreement. As of December 31, 2024, the cumulative amount of Housing Tax Credits allocated to the partnership was \$4,921,013.

Sansom Bluff expects to generate an aggregate of \$19,014,290 of Housing Tax Credits. Generally, such Housing Tax Credits are expected to become available for use by its partners' pro-rata over a ten-year period that began in 2020. In order to qualify for these credits, the Project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation.

The partnership has also agreed to maintain and operate its project as low-income housing for an additional 15 years beyond the initial 15-year compliance period. Because the Housing Tax Credits are subject to compliance with certain requirements, there can be no assurance that the aggregate amount of Housing Tax Credits will be realized, and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of Housing Tax Credits than expected in future years, and/or recapture of Housing Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to its investor limited partner, or a reduction of remaining capital contributions required, under the terms of the partnership agreement. As of December 31, 2024, the cumulative amount of Housing Tax Credits allocated to the partnership was \$7,115,349.

San Germaine expects to generate an aggregate of \$19,213,664 of Housing Tax Credits. Generally, such Housing Tax Credits are expected to become available for use by its partners' pro-rata over a ten-year period which begins in 2025. In order to qualify for these credits, its project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation.

The partnership has also agreed to maintain and operate its project as low-income housing for an additional 15 years beyond the initial 15-year compliance period. Because the Housing Tax Credits are subject to compliance with certain requirements, there can be no assurance that the aggregate amount of Housing Tax Credits will be realized, and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of Housing Tax Credits than expected in future years, and/or recapture of Housing Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to its investor limited partner under the terms of the partnership agreement.

DEVELOPMENT CORPORATION OF TARRANT COUNTY  
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17. Revenue from contracts with customers

Sale of property

Performance obligations related to the sale of property are determined based on the date of closing in accordance with the contract. Revenue for performance obligations satisfied at a point in time is generally recognized on the date of closing at a single point in time, and the Organization does not believe it is required to provide any additional obligations related to that sale.

Transaction price and recognition

The Organization determines the transaction price based on each property for sale. There are no explicit or implicit price concessions, and the contracts do not contain a significant financing component or variable consideration.

The Organization has not incurred material refunds in the past, and accordingly, has not provided for a refund liability as of December 31, 2024.

For the year ended December 31, 2024, the Organization recognized no revenue from goods or services that transfer to the customer over time.

18. Significant estimates and concentrations

The Organization is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, change in net assets and cash flows of the Organization. Events could occur that would change this estimate materially in the near term.

19. Property tax exemption (unaudited)

Pursuant to Section 11.11 of the Texas Property Tax Code, which establishes a property tax exemption for property owned by the state or a political subdivision of the state, if the property is used for public purposes, the San Germaine project is exempt from property taxes.

20. Subsequent events

Subsequent events have been evaluated through November 19, 2025, which is the date the consolidated financial statements were available to be issued. The following is a summary of significant transactions through November 19, 2025.

On January 23, 2025, the Agreement of Limited Partnership of 6225 Shady Oaks Manor Drive (TX) Owner LP (“6225 Shady Oaks”) was amended and restated to admit general and limited partners, provide for withdrawal of the original limited partner, recharacterize the interest of its Class B limited partner and set out more fully the rights, obligations, and duties of its partners. 6225 Shady Oaks was formed to acquire, develop, construct, own and operate an affordable housing apartment complex to be known as Wildwood Branch Apartments consisting of 280 units located in Fort Worth, Tarrant County, Texas. 6225 Shady Oaks expects that the project will qualify for Tax Credits under Section 42 of the IRC. The general partner is Housing Wildwood GP, LLC and is solely owned by DCTC. The investor limited partner is PNC Bank, National Association, a national banking association, and the special limited partner is Columbia Housing SLP Corporation, an Oregon corporation.

On June 21, 2025, MAEDC entered into a modification agreement with Veritex Community Bank related to the note payable originally issued on June 21, 2022, in the amount of \$4,500,000. The modification extends the maturity date to June 21, 2030, and includes a 5-year interest rate swap agreement to fix the interest rate on the note.