TEXAS COMMUNITY CAPITAL, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2024 AND 2023

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BAS PARTNERS
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Texas Community Capital
Austin, Texas

We have audited the accompanying financial statements of Texas Community Capital, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texas Community Capital, Inc. as December 31, 2024 and 2023, and for the years then ended, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Texas Community Capital, Inc. 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 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 financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Texas Community Capital, Inc.’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Texas Community Capital, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Texas Community Capital, Inc.'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.

BAS Partners LLC

Pembroke Pines, FL

May 9, 2025

FINANCIAL STATEMENTS

TEXAS COMMUNITY CAPITAL, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

	2024	2023
Assets		
Current assets		
Cash and cash equivalents		
Unrestricted	$ 297,025	$ 256,462
Restricted cash	133,906	135,768
	430,931	392,230
Grants receivable	12,500	12,500
Interest receivable and other	-	3,001
Prepaid expenses	-	5,763
Total current assets	443,431	413,494
Non-current assets		
Loans receivable, net current portion	594,971	-
Notes receivable, net current portion	150,000	150,000
Total non-current assets	744,971	150,000
Total assets	$ 1,188,402	$ 563,494
Liabilities and net assets		
Liabilities		
Currents liabilities		
Accounts payable and accrued expenses	$ 71,973	$ 38,015
Current portion of long-term debt	-	-
Total current liabilities	71,973	38,015
Long notes payable, net current portion	750,000	150,000
Commitments and contingencies (Note 4)	-	-
Total liabilities	821,973	188,015
Net assets:		
Without donor restrictions		
Undesignated	92,429	101,479
Board designated	-	-
	92,429	101,479
With donor restrictions	274,000	274,000
Total net assets	366,429	375,479
Total liabilities and net assets	$ 1,188,402	$ 563,494

See accompanying Notes to Financial Statements.

TEXAS COMMUNITY CAPITAL, INC.

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Grants	$ -	$ 127,312	$ 127,312
CLC licensing fees	25,000	-	25,000
Loan fees	4,803	-	4,803
Interest income	27,923	-	27,923
Other Income	158	-	158
	57,884	127,312	185,197
Net assets released from restrictions	$ 127,312	(127,312)	-
Total revenues and support	185,197	-	185,197
Expenses:			
Program services	134,699	-	134,699
	134,699	-	134,699
Support services:			
General and administrative	46,578	-	46,578
Fundraising	12,970	-	12,970
Total expenses	194,247	-	194,247
Change in net assets	(9,050)	-	(9,050)
Net assets at beginning of year	101,479	274,000	375,479
Net assets at end of year	$ 92,429	$ 274,000	$ 366,429

See accompanying Notes to Financial Statements.

TEXAS COMMUNITY CAPITAL, INC.

STATEMENTS OF ACTIVITIES - Continued

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Grants	$ -	$ 60,000	$ 60,000
CLC licensing fees	27,500	-	27,500
Loan fees	3,678	-	3,678
Interest income	1,117	-	1,117
	32,295	60,000	92,295
Net assets released from restrictions	60,000	(60,000)	-
Total revenues and support	92,295	-	92,295
Expenses:			
Program services	96,556	-	96,556
	96,556	-	96,556
Support services:			
General and administrative	35,994	-	35,994
Fundraising	10,365	-	10,365
Total expenses	142,915	-	142,915
Change in net assets	(50,620)	-	(50,620)
Net assets at beginning of year	152,099	274,000	426,099
Net assets at end of year	$ 101,479	$ 274,000	$ 375,479

See accompanying Notes to Financial Statements.

TEXAS COMMUNITY CAPITAL, INC

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2024

			Support Services			
	Program Services		**General and Administrative**	**Fundraising**	**Total Supporting Services**	**Totals**
Bank charges and fees	$ 118		$ 122	$ -	$ 122	$ 240
Conference and meetings	150		-	-	-	150
Contracted services	16,348		5,449	-	5,449	21,797
Filing and registrations	-		-	-	-	-
Insurance	10,434		1,159	-	1,159	11,593
Interest expenses	11,531		-	-	-	11,531
Meals & lodging	2,028		228	-	228	2,257
Miscellaneous	299		262	-	262	561
Professional Fees	82,880		36,257	12,970	49,227	132,106
License and fees	997		-	-	-	997
Occupancy	6,300		2,700	-	2,700	9,000
Travel and milage	3,614		401	-	401	4,015
Web service	-		-	-	-	-
Total Expenses	$ 134,699		$ 46,578	$ 12,970	$ 59,548	$ 194,247

See accompanying Notes to Financial Statements.

TEXAS COMMUNITY CAPITAL, INC

STATEMENTS OF FUNCTIONAL EXPENSES - Continued

Year Ended December 31, 2023

		Support Services			
	Program Services	**General and Administrative**	**Fundraising**	**Total Supporting Services**	**Totals**
Bank charges and fees	$ 30	$ 31	$ -	$ 31	$ 61
Conference and meetings	125	-	-	-	125
Contracted services	5,250	1,750	-	1,750	7,000
Filing and registrations	-	440	-	440	440
Insurance	12,426	1,380	-	1,380	13,806
Interest expenses	2,531	-	-	-	2,531
Meals & lodging	480	54	-	54	534
Miscellaneous	8	7	-	7	15
Professional fees	66,232	28,974	10,365	39,339	105,571
Occupancy	7,560	3,240	-	3,240	10,800
Travel and milage	1,064	118	-	118	1,182
Web service	850	-	-	-	850
Total Expenses	$ 96,556	$ 35,994	$ 10,365	$ 46,359	$ 142,915

See accompanying Notes to Financial Statements.

TEXAS COMMUNITY CAPITAL, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2024 and 2023

	2024	2023
Operating activities:		
Change in net assets	$ (9,050)	$ (50,620)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Program receivables	-	(2,500)
Interest receivables and others	3,001	(970)
Prepaid expenses	5,763	3,240
(Decrease) increase in:		
Accounts payable and accrued expenses	33,958	(8,100)
Net cash provided by (used in) operating activities	33,672	(58,950)
Cash flow provided by investing activities:		
Loan provided	(594,971)	-
Net cash used in investing activities	(594,971)	-
Cash flow provided financing activities:		
Loan proceeds received	600,000	-
Repayment of loan funds	-	-
Net cash provided by financing activities	600,000	-
Change in cash and cash equivalents	38,701	(58,950)
Cash and cash equivalents at the beginning of year	392,230	451,180
Cash and cash equivalents at end of year	$ 430,931	$ 392,230
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest	$ 11,531	$ 2,531

See accompanying Notes to Financial Statements.

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Texas Community Capital (the "Organization" or "TCC") was incorporated in 2004 and is a non-profit lending intermediary providing loan products and development services to Texas CDCs, CDFIs and other community development organizations. Conceptualized and initiated by the Texas Association of Community Development Corporations (TACDC) and in partnership with the Texas State Affordable Housing Corporation (TSAHC), TCC's purpose is to provide loan and investment products, development services, and other related activities to Community Development Financial Institutions (CDFIs), community-based non-profit organizations and similar organizations, and the low-to-moderate income households they serve. The mission of the Corporation is to promote economic and community development in low-income communities.. TCC's main strategic focus is an employer-based small dollar loan program to serve low to moderate income households. TCC began issuing loans in 2015.

Texas Association of Community Development Corporations (TACDC) is an affiliated organization with Texas Community Capital (TCC). TACDC appoints one third of the Board of Directors for TCC. The Organizations share one board of director members.

The Organization earns revenue from processing and servicing loans to CLC local lenders and interest collected on all loans.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization believes it is no longer subject to examination by the IRS for years prior to 2020.

Small Dollar Loan Program

The Community Loan Center Affordable Small-Dollar Loan Program (CLC) is a viable social enterprise for CLC local lenders to partner with employers in their service territory to offer small-dollar (up to $1,000) short-term (up to one year) loans to employees, with the goal of helping borrowers meet current and ongoing financial obligations and achieve a sense of security in their financial future. TCC is the network coordinator of the program that assists in recruiting organizations to become CLC local lenders and marketing the program to area employers.

The CLC program is offered at no cost to participating employers. TCC receives an annual licensing fee from the local lenders, and a nominal fee for each loan funded. Local lenders receive a one-time processing fee from borrowers and earn interest from the loans.

Summary of Significant Accounting Policies

Accounting Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Accounting Method: The Organization uses the accrual basis method of accounting. Using this method of accounting, revenues and support and accounts receivable are reported when funds are considered earned, regardless of when cash is received. Expenses and accounts payable are reported when an obligation is incurred, regardless of when cash is disbursed.

Cash and Cash Equivalents: The Organization considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents.

Net Assets Classes: The Organization reports the following net assets classes:

Net Assets Without Donor Restrictions: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions. While these resources are reported as unrestricted, an organization manages them in compliance with its exempt purposes, governing board designations, legal requirements, and contractual obligations.

Net Assets With Donor Restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restrictions expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Pledges receivable: The Organizations pledges are valued using an allowance for uncollectible accounts. Management periodically reviews the collectability of accounts, and if applicable, provides an allowance for estimated uncollectible amounts. The allowance for uncollectible accounts is considered an accounting estimate. The estimate may be adjusted as more current information becomes available and any adjustment could be significant.

Allocation of Costs: The Organization allocates common costs such as office expenses, supplies, etc. between program services, management and general, and fund raising based on management's judgment of the costs related to the activities. Certain management and general costs are absorbed by a related organization. The allocation of costs is reviewed periodically, and the allocations revised, if necessary, to reflect changes in the activities of the Organization. Allocations reported in the financial statements are considered accounting estimates. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.

Subsequent Events: Management has evaluated subsequent events through the date of the *Independent Auditor's* Report, which is the date the financial statements were available to be issued.

NOTE 2: CASH AND CASH EQUIVALENTS

The Organization's cash and cash equivalents include amounts that are either board designated or temporarily restricted by donors for specific purposes. At December 31, 2024 and 2023, designated and restricted cash and cash equivalents consisted of the following:

	2024	2023
Designated		
Licensing funds	$ 13,000	$ 13,000
Restricted		
Loan funding	120,906	122,768
	$ 133,906	$ 135,768

NOTE 3: CONCENTRATIONS AND CREDIT RISK

During 2024 and 2023, approximately 60% and 60%, respectively, of the Organization's funding was provided by in-kind services.

During 2024 and 2023, approximately 13% and 30%, respectively, of the Organization's funding was provided by CLC annual franchise licensing fees.

For accounting purposes, cash balances with a financial institution in excess of Federal Deposit Insurance Corporation (FDIC) coverage are considered a credit risk. The Organization maintains cash balances with a financial institution that, at times, may exceed the institution's FDIC coverage. The Organization maintains its cash balances with a high-quality national financial institution and does not require collateral against its cash balances. At year end December 31, 2024 and 2023, cash balances in excess of federally insured deposits for, TCC, were $-0- and $0, respectively. The Organization constantly monitors its financial positions with the financial institution and does not anticipate any nonperformance by the institution.

NOTE 4: NOTE RECEIVABLE FROM / DUE TO CLC

In 2024, TCC loaned $150,000 to CLC of Northern Arizona for the purpose of increasing the loan pool and lending monies for the Community Loan Center of Northern Arizona Affordable Small-Dollar Loan Program. The note receivable accrues interest at 4.50% annually. The monthly payment is $562.50. The maturity date of the loan amount and accrued interest is May 1, 2026.

In 2024, TCC loaned $450,000 to Brightpoint Development Fund for the purpose of increasing the loan pool and lending monies for Community Loan Center of Northeast Indiana.. The note receivable accrues interest at 4.50% annually, with monthly payments of $1,687.50. The mature date of the loan is June 1, 2026.

In 2022, TCC loaned $150,000 to CLC East Texas for the purpose of increasing the loan pool and lending monies for the Community Loan Center of East Texas Affordable Small-Dollar Loan Program. The note receivable accrues interest at 3.25% annually. The monthly payment is $406.25. The maturity date of the loan amount and accrued interest is December 1, 2025.

NOTE 4: NOTE RECEIVABLE FROM / DUE TO CLC

Details of the maturity of notes receivable reported at year-end are the following:

	2024	2023
Principal amount due in		
2023	$ 150,000	$ 150,000
2024	594,971	-
Total notes receivable	744,971	150,000
Less current portion	(150,000)	(150,000)
Notes receivable, net of current portion	$ 594,971	$ -

NOTE 5: AFFILIATED ORGANIZATION

An affiliated non-lending organization, Texas Association of Community Development Corporation (TACDC) pays certain direct operating costs for the Organization, such as legal fees and travel, and bills the Organization for those costs. TACDC bills the Organization for a portion of staff time and a share of allocated expenses related to providing services to the Organization. In 2024 and 2023, TACDC billed the Organization $132,106 and $123,807 for expenses and the Organization paid TACDC $132,106 and $98,576 respectively. During 2024 and 2023, TACDC provided $-0- and $0 of in-kind donation to TCC for services provided. The Organization does not meet the criteria of a related party.

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

During 2024 and 2023, net assets of $-0- and $-0-, respectively, were released from accompanying stipulations due to actions of the Organization or through the passage of time. Such amounts are reported as transfers from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. At December 31, 2024 and 2023, TCC had net assets with donor restrictions of $334,000, which were restricted for funding small dollar loans.

NOTE 7: DUE TO COMMUNITY LOAN CENTER CORPORATION

TCC entered into a licensing and contract services agreement with Community Loan Center Corporation on October 14, 2014 in the amount of $70,000. Based on the terms of the agreement, the schedule of payments remitted by TCC is based on the enrollment of community loan centers. As of December 31, 2024 and 2023, the remaining balance relating to the agreement was $13,000 and $13,000, respectively. The amounts are included in accounts payable. Additionally, as part of the agreement, TCC will receive up to $6,000 from Community Loan Center Corporation upon the enrollment of community loan centers. This amount is considered conditional, and is not reflected in the financial statements until the centers are enrolled.

NOTE 8: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

Description	2024	2023
Cash and cash equivalents	$ 430,931	$ 392,230
Grants receivables	12,500	12,500
Total financial assets available within one year	443,431	404,730
Less: amounts unavailable within one year due to:		
Restricted by donors with purpose restrictions	(274,000)	(274,000)
Total amounts unavailable for general expenditures within one year	169,431	130,730
Amounts unavailable to management without board approval:	(13,000)	(13,000)
Total financial assets available within one year after Board designation	**$ 156,431**	**$ 117,730**

As part of our liquidity management plan, we have a policy to structure financial assets to ensure availability as general expenditures, liabilities, and other obligations come due.

NOTE 9: LONG-TERM DEBT

Long-term debt reported in the financial statements consists of the following:

	2024	2023
Note payable to Religious Communities Investment Fund dated April 6, 2020, original amount of $150,000, interest accrues at a rate of 2.0% annually, with interest only payments due until the/maturity on April 3, 2023, total principal due in the amount of $150,000 plus any remaining interest. The note was refinanced in 2023 and the new Note payable was dated April 3, 2023, in the amount of $150,000, interest accrues at a rate of 2.25% annually, with interest only payments due until the maturity on April 3, 2026, total principle due in the amount of $150,000 plus any remaining interest.	$ 150,000	$ 150,000
Note payable to Commonspirit Health Operating Investment Pool, LLC, dated September 1, 2021, original amount of $6000,000, interest accrues at a rate of 3.0% annually, with interest only payments due until the/maturity at September 1, 2026, total principal due in the amount of $600,000 plus any remaining interest. The disbursement of the loan is upon request of four advances.	600,000	-
Total notes payables	750,000	150,000
Less current portion	-	-
Notes payable, net of current portion	$ 750,000	$ 150,000

NOTE 9: LONG-TERM DEBT (CONTINUED)

Estimated annual maturity due on the long-term debt is the following: 2024- $-0-; 2024 $-0-; 2025 $-0- 2026- $150,000; thereafter $-0-. Interest costs incurred and charged to expense during 2024 and 2023 was $2,531 and $3,921, respectively.

NOTE 10: FORGIVABLE LOANS

The Organization provided loans to other Community Loan Centers (CLC's). These loans are for the purpose to recruit additional participating employers and promote the Loan Program to employees of these additional employers as these employees require a personal loan. These loans are unsecured, bear no interest, and are forgivable if used in accordance with the loan agreement. In the event the provisions of the loan agreement are not met, the loan is subject to recapture, including interest of 5%. TCC issued five loans to BCL of Texas totaling $50,000 (one for $15,000, two for $10,000, and two for $7,500), and one loan to Community Loan Center of Greater Houston in the amount of $25,000. In light of the extenuating circumstances due to the effects of COVID, TCC has allowed additional time for these borrowers to meet the conditions included in the forgivable loan agreements. The amount of loans forgiven during December 31, 2024 and 2023was $12,500 and $12,500, respectively. The amount of loans forgivable outstanding at December 31, 2024 and 2023 was $25,000 and $25,000, respectively.

NOTE 11: GRANTS TO OTHER ORGANIZATIONS

The Organization provided grants to Community Loan Centers in the amount of $25,000 per grant. These grants are restricted in use for the purpose of recruiting additional participating employers into the CLC small dollar loan program network. For organizations that the grantee discontinues lending through the loan program or fails to make a good faith effort to use the proceeds as intended, a recapture with 5% interest will be applied. At December 31, 2024 and 2023, grants payable in the amount of $25,000 and $25,000, respectively was outstanding and due to organizations, and are included in accounts payable.