

**CITY OF SAN MARCOS COMMUNITY DEVELOPMENT BLOCK GRANT  
FY 2026-2027 PUBLIC SERVICES APPLICATION**

**I. SUMMARY INFORMATION**

Please spell out organization name and program name completely, without acronyms.

Applicant Organization: Business and Community Lenders of Texas dba BCL of Texas

Contact Name, Title: Raquel Valdez Sanchez, CEO

Telephone: 512-383-0025

Contact E-Mail Address: rvaldez@bcloftexas.org Website: www.bcloftexas.org

Mailing Address: 1011 San Jacinto Blvd, Ste. 500, Austin, TX 78701

Do you have a location in San Marcos where people can walk in and ask questions about the program? If so, what is the address? 302 W Hopkins St. Suite 2, San Marcos, TX 78666

Who is authorized to execute program documents? (Name, Title) Raquel Valdez Sanchez, CEO

Program Name: San Marcos Rental Assistance Program

Amount of CDBG Funds Requested: \$100,000

What percentage of the cost of this program is requested as funding through this application? 100%

**II. SHORT ESSAY QUESTIONS**

**All questions must be answered. Please type your answers. Application evaluations will be based on, but not necessarily limited to the criteria stated in each section.**

**OVERVIEW**

1. Summarize the program for which funding is being requested, the services it provides, and the clients it serves.

BCL of Texas proposes the San Marcos Rental Assistance Program, designed to provide direct financial assistance to low- and moderate-income residents at or below 80% of the area median income facing housing instability due to rising rents, employment disruptions, or unexpected financial hardships. The program will serve San Marcos residents experiencing difficulty in meeting monthly rent obligations, preventing evictions, and preserving housing stability. Services include one-on-one intake and eligibility assessments, required education on budgeting and financial management, and direct rental payments to landlords on behalf of eligible participants.

The program targets historically underserved populations, including communities of color, women-led households, veterans, and individuals and families below 80% of the area median income. By offering immediate rental support and long-term financial guidance, BCL aims to prevent homelessness, maintain neighborhood stability, and strengthen San Marcos communities.

## COMMUNITY NEED AND JUSTIFICATION –20 POINTS

*Evaluation: documentation and justification of the need for the program in the City of San Marcos.*

### 1. Describe in detail the need for this program in San Marcos.

San Marcos faces a growing rental affordability crisis, with rents increasing faster than wages for low- and moderate-income residents. According to the City of San Marcos 2025–2029 Consolidated Plan, many households are cost-burdened, paying more than 30% of their income toward rent. The COVID-19 pandemic and ongoing economic pressures have amplified these challenges, leaving families at risk of eviction, housing instability, and homelessness. Direct rental assistance is a proven intervention to prevent displacement, stabilize households, and maintain the social and economic fabric of neighborhoods.

Approximately 70% of households in San Marcos are renter-occupied, totaling roughly 19,198 units. Renters therefore represent a substantial majority of the housing market, underscoring the scale of the local need for rental support. Regional data from the Austin–Round Rock–Georgetown–San Marcos MSA area illustrate the broader context of renter cost burdens: 47.7% of renter households experience cost burdens, and 23.1% face severe cost burdens, representing approximately 195,823 and 94,564 households, respectively. Median renter household income is \$64,000, with median monthly housing costs of \$1,585 (Harvard JCHS, 2024). Even moderate rents can therefore create significant financial stress for residents in San Marcos.

Although this rental assistance program represents a new direct service for BCL, it is a strategic response to these documented needs. Existing rental programs in San Marcos only target households at or below 40% AMI, leaving a service gap for low- and moderate-income renters between 40–80% AMI who are experiencing temporary financial hardship. This program will provide fixed \$1,000 rental assistance payments to 85 eligible households, leveraging our existing intake systems and the trust we have built through the City-administered utility assistance program.

BCL has a proven track record managing federal funds. Under the Texas Department of Housing and Community Affairs (TDHCA) Homeowner Assistance Fund (TXHAF), we administered over \$800,000 in statewide funding to assist homeowners affected by COVID-19. We managed intake centers, housing counseling, and legal service referrals for 252 households, totaling \$191,340 in relief, ensuring compliance with federal requirements. HUD-approved counseling focused on foreclosure prevention, budgeting, debt management, and reinstatement planning, with follow-up case management until stability was restored.

By applying this experience, BCL can efficiently implement the proposed CDBG-funded rental assistance program, ensuring responsible administration, compliance, and direct impact for households at risk of housing instability, while advancing the City’s goals of preventing homelessness and promoting rental stability.

### 2. Has the need for this program been increasing in recent years?

The need for rental assistance in San Marcos has been steadily increasing in recent years due to several key factors. Most COVID-19 pandemic relief programs are no longer available, leaving households without critical support. At the same time, rents, groceries, utilities, and medicine have all risen significantly, creating growing financial strain—particularly for seniors, people with disabilities, and others living on fixed incomes. Many residents face difficult choices between paying for housing, healthcare, or food, and unexpected expenses like medical bills or car repairs can quickly threaten housing stability.

Eviction filings have also risen. Since March 16, 2020, there have been 7,993 eviction filings in Hays County, including 285 in December 2025, showing that many households remain at risk of losing their homes. Long waiting lists for affordable housing further demonstrate that current programs cannot meet demand. As administrators of the City’s Utility Assistance program, BCL staff regularly hear directly from residents struggling to stay in their homes, highlighting the urgency of rental support. This proposed program will provide timely assistance to households most

at risk, helping them remain safely housed, maintain stability for their families, and continue contributing to the San Marcos community they call home.

## **IMPLEMENTATION –15 POINTS**

### *Evaluation:*

- *The application demonstrates that resources needed to manage the proposed program are available and ready.*
- *Applicant has clearly defined objectives focusing on results and measurable outcomes vs. only program activities descriptions and numbers served.*
- *Past performance of programs funded by CDBG has met expectations.*

1. Are all resources in place to be able to implement this program? If not, what is missing?

BCL of Texas brings over 35 years of experience operating housing and financial assistance programs, including intake, eligibility verification, and client counseling. Our staff are HUD-approved counselors, trained under the National Industry Standards and the NeighborWorks America network, ensuring expertise in financial management, rental and homeownership counseling, and client support.

We have all essential resources in place to implement this program effectively. Our San Marcos office provides private meeting space, secure technology platforms, and client portals, along with virtual intake and secure payment systems. Staff can connect with residents via phone or text, including evenings and weekends, to accommodate their schedules. To support program operations, we will onboard an additional volunteer intake specialist to manage participant intake, eligibility, and follow-up.

With experienced staff, established processes, and operational infrastructure, BCL is fully prepared to provide timely, effective rental assistance to residents at risk of housing instability.

2. What specific, measurable outcomes or results do you hope to achieve with this program?

Through this program, BCL aims to achieve the following results:

- Assist a minimum of 85 low- and moderate-income households in San Marcos with direct rental assistance within 12 months.
- Provide \$85,000 in rental assistance (\$1000 maximum per household)
- Prevent eviction for at least 90% of program participants, as measured by follow-up surveys and housing stability tracking.
- Provide one-on-one financial counseling to all 85 households to improve budgeting, debt management, and long-term housing stability.
- Ensure timely and secure distribution of rental payments, with 100% of funds tracked and documented through secure payment systems.
- Collect data on participant demographics, income, and housing outcomes to inform future program improvements and report measurable community impact.

## **IMPACT AND COST EFFECTIVENESS –20 POINTS**

### *Evaluation:*

- *impact on the identified need*
- *implementation costs compared to impact*
- *use of available resources (financial, staff, volunteer)*
- *impact compared to other applicants*

1. Programs can provide value by deeply impacting the lives of a few, with effects that may ripple through generations, or by providing smaller but meaningful impact to a larger group. Describe in detail the impact this program will have on the identified need and on San Marcos residents.

The main impact of this program is helping renters keep the personal space they call home. Without support, families risk eviction and homelessness, children may have to change schools, and parents can lose access to work, healthcare, and other essential services. Losing a home isn't just a financial problem, it disrupts stability, security, and the sense of belonging that comes with having a place to call your own. Housing instability affects not only the family but also the neighborhood and the wider community.

Through rental assistance, BCL will help up to 85 low- and moderate-income households stay in their homes. Before receiving funds, participants will attend a mandatory financial coaching session to assess budgets, plan for future expenses, and build the skills needed to maintain long-term housing stability. This combination of immediate support and financial guidance gives families breathing room to regain control, reduce stress, and focus on building a stable future. Children can stay in school, adults can keep their jobs, and families can remain connected to the community they love.

By pairing relief with coaching, this program addresses both immediate needs and longer-term stability, helping break cycles of housing instability and creating benefits that extend across generations.

2. Briefly describe other funding sources, volunteers, or in-kind donations that will be used with this program.

BCL will leverage internal funding and existing administrative capacity to support the operational needs of this program, including office space, technology, insurance, professional services, and compliance oversight. Our accounting team will manage financial processing and ensure that rental payments are issued directly to landlords, maintaining strong fiscal controls.

We will also partner with Texas State University to engage volunteers or student workers to assist with outreach and intake support. In addition, our HUD-approved counselors will provide the required financial coaching sessions as an in-kind service, helping participants develop emergency budgets and connect to additional resources when appropriate. These combined internal resources, volunteer support, and in-kind professional services will strengthen program delivery and maximize the impact of CDBG funds for San Marcos residents.

## **COMMUNITY SUPPORT – 15 POINTS**

### *Evaluation:*

- *A minimum of three letters of reference that indicate strong local support for the program and the agency's ability to implement it as described in the application. Letters must be in support of the specific program requesting funding, not the agency as a whole. Letters will preferably be from San Marcos residents as well as direct clients of the program.*
- *Evidence that volunteers play a vital role in the program or agency's operation.*
- *Evidence that board members are actively involved in and supportive of the agency*

1. What actions do Board members take to support the programs of the agency?

BCL's Board members are actively engaged in supporting the agency's programs and overall mission. They participate in strategic planning, community outreach, and advocacy efforts to expand access to housing and financial stability resources. Several Board members serve on our Strategic Partnerships Committee, which meets quarterly to identify collaboration opportunities and develop strategies to increase community awareness of our programs.

For this rental assistance program, Board members will help identify and cultivate partnerships with local nonprofits, faith-based organizations, and other community stakeholders. They will also promote program awareness through outreach and public engagement while providing oversight to ensure program goals are met and funding requirements are maintained. Their involvement strengthens leadership, accountability, and alignment with community needs.

2. Briefly describe the number and role of volunteers in the program or agency's operation.

BCL plans to onboard approximately two volunteers or student workers to support this program. One volunteer will serve as an intake support specialist, assisting applicants with completing forms, gathering required documentation, and preparing files for staff review. The second volunteer will serve as an outreach specialist, participating in community events, distributing program information, and helping raise awareness of rental assistance opportunities.

Volunteers will also assist with follow-up communication to ensure households complete program requirements in a timely manner. Their support expands program capacity, strengthens community engagement, and helps ensure that eligible households, especially those in historically underserved communities, receive timely and effective assistance.

## **COUNCIL PRIORITIES - 20 POINTS**

1. How long has this program served San Marcos residents? (10 points if at least 2 years)

BCL has supported San Marcos residents through various programs since 2006. In 2022, BCL opened a local office and began engaging directly with the community and small businesses. By 2025, BCL expanded its local offerings to include financial education and utility assistance, strengthening its presence and impact in the city.

2. In what ways does your agency actively conduct outreach to engage San Marcos residents in its programs and services? How will San Marcos residents access those services? (up to 10 points)

The program will actively reach residents through community events, partnerships with local nonprofits, faith-based organizations, city communication channels, and targeted virtual campaigns. Services will be accessible in-person at the San Marcos office, virtually, or via phone/email to ensure residents with limited mobility or language barriers can participate.

## **RISK - 10 POINTS**

1. How many years' experience does the agency have in implementing a program of this size and complexity? (5 points if more than 5 years)

BCL has over 35 years of experience administering programs of similar size and complexity, including intake, counseling, and financial assistance programs. Most recently for example, BCL administered the Travis County TCTX Thrive Small Business Grant Program (2020–Present), a \$9 million COVID-19 recovery initiative serving 225 small businesses across 22 Travis County cities. Over seven months, BCL reviewed 1,500 applications, qualified 335 businesses, and provided one-on-one coaching to awardees. Outcomes were strong: 97% of businesses remained open, 65% were women-owned, 53% minority-owned, and 37% located in low-income communities.

BCL designed and implemented an affirmative outreach plan, engaged five subcontractors for community engagement in high-need areas, and ensured compliance with federal CARES Act funding. The program continues through Thrive 2.0 and is being considered for Thrive 3.0, demonstrating BCL's ability to manage complex, high-volume programs with measurable, timely outcomes.

2. What percentage of the program's funding is non-City? (5 points if at least 50%)

CDBG funds will be used strictly for rental assistance (\$85,000) and limited program administration directly tied to eligibility, compliance, and reporting (\$15,000). All organizational overhead and indirect costs, including executive oversight, accounting systems, HR, technology, rent, insurance, and utilities, are fully supported by contributions, contract revenue, and other non-City funding sources reflected in our \$334,000 overall programming budget.

Because core infrastructure and operational expenses are covered by non-City funds, more than 50% of the program's total support is non-City funded.

### III. PROGRAM BENEFICIARIES

#### TYPE OF PUBLIC SERVICE (choose all that apply)

- |   |   |
|---|---|
| <input type="checkbox"/> 05A Senior Services                      | <input type="checkbox"/> 05B Handicapped Services                             |
| <input type="checkbox"/> 05C Legal Services                       | <input type="checkbox"/> 05D Youth Services                                   |
| <input type="checkbox"/> 05E Transportation Services              | <input type="checkbox"/> 05F Substance Abuse Services                         |
| <input type="checkbox"/> 05G Battered and Abused Spouses Services | <input type="checkbox"/> 05H Employment Training                              |
| <input type="checkbox"/> 05I Crime Awareness                      | <input type="checkbox"/> 05J Fair Housing Activities                          |
| <input type="checkbox"/> 05K Tenant/Landlord Counseling           | <input type="checkbox"/> 05L Child Care Services                              |
| <input type="checkbox"/> 05M Health Services                      | <input type="checkbox"/> 05N Abused and Neglected Children Services           |
| <input type="checkbox"/> 05O Mental Health Services               | <input type="checkbox"/> 05P Screening for Lead Paint/Lead Hazards            |
| <input type="checkbox"/> 05Q Subsistence Payments                 | <input checked="" type="checkbox"/> 05R Homeownership Assistance (Not Direct) |
| <input type="checkbox"/> Other: _____                             |   |

#### PROGRAM INFORMATION

1. Program eligibility (please select one):
  - a.  This is a new program.
  - b.  This is an existing program that: (select one of the following)
    - Has previously received CDBG funding and the amount requested for this year is the same or less than previous funding; or
    - will expand to serve more beneficiaries or to provide more services if the CDBG funding as requested is approved. *Please attach an analysis that details how the program or service will be expanded, how many new beneficiaries will be served by the expansion, and how this number was determined.*
2. Is there a fee to clients to participate in the program?  Yes  No  
*If yes, please provide fee structure.*
3. Describe the days and hours of operation of the program: Monday – Friday 9am-6 pm  
\_\_\_\_\_

Applicant must be able to document that at least 51% of the beneficiaries have an annual income that is at or below 80% of the Area Median Income and are San Marcos residents.

**A. PRESUMED BENEFIT:** See definition above of “Presumed Benefit”.

1. Will all of the program’s beneficiaries be in a Presumed Benefit Category?  Yes or  No

If “yes”, list the categories: \_\_\_\_\_  
 \_\_\_\_\_

2. How many persons in each presumed category are proposed to be assisted if funding is received?

Abused Children	Elderly Persons	Battered Spouses	Homeless Persons	Severely Disabled Adults	Illiterate Adults	Persons living with AIDS

3. If this program was carried out the previous full program year (10/1 – 9/30), how many persons were served in each presumed category:

Abused Children	Elderly Persons	Battered Spouses	Homeless Persons	Severely Disabled Adults	Illiterate Adults	Persons living with AIDS

**B. BENEFICIARIES WHO ARE NOT CONSIDERED “PRESUMED”**

1. How many persons are proposed to be assisted if funding is received? 85

If this program was carried out the previous program year (10/1 – 9/30), how many persons were served?  
 \_\_\_\_\_

2. How do you propose to document the income of the beneficiaries? (Check all that apply)

Evidence that the child is approved for free or reduced lunch

Evidence that the family lives in housing sponsored by the Housing Authority

Evidence that the family is WIC approved

Income documentation using one of the 3 HUD approved methods

Self-certification, with income verification required of 20% of certifications

Other, describe: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

### III. PROJECTED IMPLEMENTATION SCHEDULE WITH PERFORMANCE GOALS

Projected Start Date:

Projected Completion Date:

October 1, 2026

September 30, 2027

Activity Description	Start Month/Year	End Month/Year	Performance Measurement Goal
Train program intake specialist	October/2026	October/2026	Train 1 intake specialist to competently complete eligibility assessments, process applications, and document cases within 1 month.
Design program resources (phone, email, portal)	October/2026	October/2026	Develop and launch all program intake resources (phone system, email workflow, secure online portal) ready for participant use by program launch.
Outreach & community engagement	October/2026	September/2027	Conduct at least 12 community engagement events or campaigns, reaching a minimum of 200 San Marcos residents with program information.
Begin intake & eligibility services	November/2026	September/2027	Complete intake and eligibility assessments for 85 households, documenting income, demographics, and housing status.
Distribute rental assistance funds	November/2026	September/2027	Disburse \$1,000 rental assistance to each of 85 eligible households, ensuring 100% of funds are tracked and documented.
Conduct follow-up financial counseling	October/2026	September/2027	Provide one-on-one financial counseling to 85 households, with at least 90% of participants demonstrating improved budgeting or financial planning skills at follow-up.
Monitor outcomes & reporting	October/2026	September/2027	Track all program metrics monthly, including households served, payments distributed, counseling completed, and eviction prevention outcomes; submit quarterly reports to funder.



5. Does your organization have a personnel policy manual?  Yes  No  
 Does it include a procedure for filing grievances?  Yes  No  
 Does it include a non-discrimination clause?  Yes  No
6. Does your organization maintain a written code or standards of conduct that governs the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds?  
 Yes  No
7. Separation of duties for financial transactions regarding this project (respond with job title):
- Who will approve payment of incurred expenses? Chief of Staff
  - Who will prepare the payment check? Accounting Manager
  - Who will sign checks paying project expenses? CEO
  - Who posts the transaction to your financial records? Accounting Specialist
  - Who reconciles monthly bank statements? Accounting CPA

### ACCESSIBILITY OF PROGRAMS AND SERVICES

- Are all facilities to be served by the program ADA Accessible?  Yes  No
- Do you have a Section 504 (ADA) Self-Evaluation on file?  Yes  No
- How will you provide services to persons with Limited English proficiency? Please see our Limited English Proficiency Plan here:  
[https://www.bcloftexas.org/system/documents/files/000/000/140/original/BCL\\_of\\_Texas\\_LEP\\_Plan\\_7.31.18.pdf?1589503850](https://www.bcloftexas.org/system/documents/files/000/000/140/original/BCL_of_Texas_LEP_Plan_7.31.18.pdf?1589503850)

### INSURANCE, BONDING, AND WORKER'S COMPENSATION

- Does your organization have liability insurance coverage?  Yes  No
- If yes, in what amount? \$2,000,000
- Does your organization pay worker's compensation in accordance with Federal and state laws?  
 Yes  No  N/A
- Does your organization have fidelity bond coverage for principal staff members who handle the organization's accounts?  Yes  No
- Will vehicles owned by the organization be used in conjunction with the proposed project?  
 Yes  No
- If yes, what level of liability insurance is maintained on the vehicles? \$1,000,000

## V. CONFLICTS OF INTEREST (24 CFR 570.611; 24 CFR 85.36; AND 24 CFR 84.42)

Two sets of conflict-of-interest provisions apply to activities carried out with CDBG funding. The first set, applicable to the procurement of goods and services by subrecipients (*funded applicants*), is the procurement regulation found in the *Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards as codified in Title 2, Part 200 of the Code of Federal Regulations*. The second set of provisions is located at 24 CFR 570.611(a)(2).

With respect to procurement activities, the subrecipient must maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. At a minimum, these standards must:

1. Require that no employee, officer, or agent may participate in the selection, award, or administration of a contract supported by federal funds if a real or apparent conflict would be involved. Such a conflict would arise when any of the following parties has a financial or other interest in the firm selected for an award:
  - An employee, officer, or agent of the subrecipient;
  - Any member of an employee's, officer's, or agent's immediate family;
  - An employee's, agent's, or officer's partner; or
  - An organization which employs or is about to employ any of the persons listed in the preceding sections.
2. Require that employees, agents, and officers of the subrecipient neither solicit nor accept gratuities, favors, or anything of value from contractors or parties to sub-agreements. However, subrecipients may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value.
3. Provide for disciplinary actions to be applied for any violation of such standards by employees, agents, or officers of the subrecipient.

With respect to all other CDBG-assisted activities, the general standard is that no employee, agent, or officer of the subrecipient who exercises decision-making responsibility with respect to CDBG funds and activities is allowed to obtain a financial interest in or benefit from CDBG activities, or have a financial interest in any contract, subcontract, or agreement regarding those activities or in the proceeds for the activities. Specific provisions include that:

- The requirement applies to any person who is an employee, agent, consultant, officer, or elected or appointed official of the City, a designated public agency, or a subrecipient, and to their immediate family members and business partners.
- The requirement applies to such persons during their tenure and for a period of one year after leaving the grantee or subrecipient organization.
- Upon written request, exceptions may be granted by HUD on a case-by-case basis.

**CONFLICT OF INTEREST QUESTIONNAIRE**

NOTE: For the purpose of this form, a “covered person” includes any person who is an employee, agent, consultant, officer or elected or appointed official of the City of San Marcos, your organization, or any designated public agency.

Name of Organization: Business and Community Lenders (BCL) of Texas

1. Does your organization maintain a written code or standards of conduct that governs the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds?

Yes  No  If “No” is checked, please explain how you will comply with this requirement:

\_\_\_\_\_

2. Are any of your Board Members or employees that are responsible for carrying out this project or members of their immediate families or their business associates also:

a. Employed by the City of San Marcos? Yes  No

b. Members of or closely related to members of the San Marcos City Council? Yes  No

c. Members of or closely related to an employee of the City of San Marcos? Yes  No

d. Current beneficiaries or related to beneficiaries of the project for which funds are requested?

Yes  No

e. Paid providers of goods or services to the program or having other financial interest in the program or related to such individuals? Yes  No

3. For **each** relationship described above, please answer the following questions: (attach additional page if necessary)

a. Name of employee or official: \_\_\_\_\_

b. Is this person receiving or likely to receive taxable income from your organization?

Yes  No

c. Is your organization receiving or likely to receive taxable income from or at the direction of the employee or official AND the taxable income is not from the City of San Marcos?

Yes  No

d. Is your organization affiliated with a corporation or other business entity in which the employee or official serves as an officer or director, or holds an ownership interest of 10% or more?

Yes  No

4. Describe any other affiliation or business relationship that might cause a conflict of interest with respect to CDBG funds and activities. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5. Will any of your organization’s employees, officers, board members, or members of their immediate family or business partners have a financial interest in any contract, subcontract, or agreement regarding CDBG funded activities?

Yes  No . If yes, please attach an explanation.

## VI. APPLICANT ASSURANCES AND CERTIFICATIONS

The applicant hereby assures and certifies with respect to this project or program, by the submission of this application, that the following are true statements:

1. It possesses legal authority to apply for the grant and to finance the proposed request; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body, authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
2. It will comply with the Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards as codified in Title 2, Part 200 of the Code of Federal Regulations (UAR) and agrees to adhere to the accounting principles and procedures required therein, utilizing adequate internal controls and maintaining necessary source documentation for all costs incurred.
3. If it expends \$750,000 or more of federal funds in a fiscal year, it will comply with the Single Audit Act of 1984.
4. It will comply with the provisions of Executive Order 11988, relating to evaluation of flood hazards, and Executive Order 11990, relating to protection of wetlands. It will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, Public Law 93-234, 87 Stat. 975, and approved December 31, 1976. Section 102(a).
5. It will have sufficient funds available or the ability to obtain the non-federal share of the cost for construction projects. Sufficient funds will be available when construction is completed to assure effective operation and maintenance of the facility for the purposes constructed.
6. It will give the City and the Comptroller General, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the grant.
7. It will cause work on the project to be commenced within a reasonable time after receipt of notification from the City that funds have been approved and that the project will be performed to completion with reasonable diligence.
8. It will comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and in accordance with Title VI of that Act, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives federal financial assistance and will immediately take any measures necessary to effectuate this agreement.
9. It will comply with the requirements of Title II and Title III of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (P.L. 91-646), which provides for fair and equitable treatment of persons displaced because of federal and federally-assisted programs.
10. It will comply with the provisions of the Hatch Act, which limit the political activity of employees.
11. It will comply with the minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act as they apply.
12. It will insure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of the project are not listed on the Environmental Protection Agency's (EPA) list of Violating Facilities and that it will notify the city/federal grantor agency of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be utilized in the project is under consideration for listing by the EPA.
13. It will assist the city/federal grantor agency in its compliance with Section 106 of the National Historic Preservation Act of 1966 as amended (16 U.S.C. 470), Executive Order 11593, and the Archeological and Historic Preservation Act of 1966 (16 U.S.C. 469a-1 et seq.).

14. It will comply with Texas Civil Statutes, Article 5996a, by ensuring that no officer, employee, or member of the applicant's governing body or of the applicant's contractor shall vote or confirm the employment of any person related within the second degree by affinity or third degree by consanguinity to any member of the governing body or to any other officer or employee authorized to employ or supervise such person. This prohibition shall not prohibit the employment of a person who shall have been continuously employed for a period of two years prior to the election or appointment of the officer, employee, or governing body member related to such person in the prohibited degree.
15. It will ensure that all information collected, assembled or maintained by the applicant relative to this project shall be available to the public during normal business hours in compliance with Texas Civil Statutes, Article 6252-17a, unless otherwise expressly provided by law.
16. It will conduct and administer the program in conformity with the Fair Housing Act (42 USC Section 3901 et. Seq.) and that it will affirmatively further fair housing.
17. It will minimize displacement of persons because of activities assisted with CDBG funds. If displacement of residential dwellings will occur in connection with a grant-assisted project, it will follow a residential anti-displacement and relocation assistance plan as specified by the City of San Marcos.
18. It certifies that it is not now, nor has it ever been, on the Federal List of Debarred Contractors.
19. It will not attempt to recover any capital costs of public improvements assisted in whole or in part with such funds by assessing any amount against properties owned and occupied by persons of LMI, including any fee charged or assessment made as a condition of obtaining access to such public improvements unless (a) such funds are used to pay the proportion of such fee or assessment that related to the capital costs of such public improvements that are financed from revenue sources other than such funds; or (b) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, applicant certifies that it lacks sufficient funds under this contract to comply with the requirements of clause (a).
20. It agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (the U.S. Housing and Urban Development regulations concerning Community Development Block Grants (CDBG)) including subpart J and subpart K of these regulations, except that (1) the Agency does not assume the recipient's environmental responsibilities described in 24 CFR 570.604 and (2) Agency does not assume the recipient's responsibility for initiating the review process under the provisions of 24 CFR Part 52. Agency also agrees to comply with all other applicable Federal, State, and local laws, regulations, and policies governing the funds provided. Agency further agrees to utilize funds available to supplement rather than supplant funds otherwise available. Agency shall comply with all applicable Federal laws, regulations, and requirements, which include compliance with the provisions of the HCD Act and all rules, regulations, guidelines, and circulars promulgated by the various Federal departments, agencies, administrations, and commissions relating to the CDBG Program. The applicable laws and regulations include, but are not limited to:
  - 24 CFR Part 570;
  - 24 CFR Parts 84 and 85;
  - The Davis-Bacon Fair Labor Standards Act;
  - The Contract Work Hours and Safety Standards Act of 1962;
  - Copeland "Anti-Kickback" Act of 1934;
  - Sections 104(b) and 109 of the Housing and Community Development Act of 1974;
  - Section 3 of the Housing and Urban Development Act of 1968;
  - Equal employment opportunity and minority business enterprise regulations established in 24 CFR part 570.904;
  - Non-discrimination in employment, established by Executive Order 11246 (as amended by Executive Orders 11375 and 12086);
  - Section 504 of the Rehabilitation Act of 1973 Uniform Federal Accessibility Standards;
  - The Architectural Barriers Act of 1968;
  - The Americans with Disabilities Act (ADA) of 1990;
  - The Age Discrimination Act of 1975, as amended;

- National Environmental Policy of 1969 (42 USC 4321 et seq.) as amended;
  - Lead Based paint regulations established in 24 CFR Parts 35, 570.608, and 24 CFR 982.401;
  - Asbestos guidelines established in CPD Notice 90-44;
  - HUD Environmental Criteria and Standards (24 CFR Part 51);
  - The Energy Policy and Conservation Act (Public Law 94-163) and 24 CFR Part 39
  - Flood Disaster Protection Act of 1973;
  - Colorado House Bill 06-1023 and 06-1043;
  - Procurement Standards (2 CFR 200.322);
  - Rights to Inventions Made Under a Contract or Agreement (37 CFR 401.2 (a));
  - Energy Efficiency (2 CFR Part 200 Appendix II); and
  - Recycling (2 CFR Part 200 Appendix II).
21. **NEW SECTION:** It agrees to comply with federal policy provisions contained in Appendix One, which implement the following:
- 1. Executive Order 14168 – Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government
  - 2. Executive Order 14173 – Ending Illegal Discrimination and Restoring Merit-Based Opportunity
  - 3. Executive Order 14182 – Enforcing the Hyde Amendment
  - 4. Executive Order 14154 – Unleashing American Energy
  - 5. Executive Order 14218 – Ending Taxpayer Subsidization of Open Borders
  - 6. Executive Order 14205 – Establishment of the White House Faith Office
  - 7. 8 U.S.C. § 1601 et seq. (PRWORA – Immigration Eligibility and Verification)
  - 8. 31 U.S.C. § 3729(b)(4) (False Claims Act – Material Compliance Provision)

#### **CERTIFICATIONS REGARDING LOBBYING:**

22. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
23. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit standard form – “Disclosure Form to Report Lobbying”, in accordance with its instructions.
24. The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.
25. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

#### **GENERAL CERTIFICATIONS:**

26. The information, exhibits, and schedules contained in this application are true and accurate statements and represent fairly the financial condition of our organization;
27. Our organization is eligible to receive federal funding and has not been placed in a debarred or otherwise ineligible status under the provisions of CFR Part 24;
28. Our organization prohibits discrimination in accordance with Title VI of the Civil Rights Act of 1964; and,

29. Our governing body has duly authorized submission of this document. If funded, we agree to comply with the procedures outlined in the "Playing by the Rules" handbook that will be supplied by the City of San Marcos.

**CITY OF SAN MARCOS FUNDING RESTRICTIONS:**

- 30. All CDBG funding will be spent on San Marcos residents.
- 31. Funding requested is not more than 50% of the total funding for the agency.
- 32. Funding will not be used to fund more than 20% of a full time position.
- 33. Agency has been in existence for at least 2 years. (This can include serving communities other than San Marcos.)

I, the duly authorized representative of the applicant organization, certify that the foregoing statements are true to the best of my knowledge and belief:

**CERTIFIED BY:**

Signature:  Date Signed: 2/27/2026

Printed Name: Raquel Valdez Sanchez Title: CEO

Organization Name: Business and Community Lenders (BCL) of Texas

## APPENDIX ONE: FEDERAL POLICY PROVISIONS

This Appendix sets forth the Federal policy requirements that apply to the Subrecipient as a condition of participation in the CDBG Program for Program Year 2025. These provisions are incorporated into and made a material part of the Subrecipient Agreement.

### **Section 1. Prohibition on Use of Funds to Promote “Gender Ideology”**

1.1 Policy Requirement. In accordance with Executive Order (E.O.) 14168, *Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government*, the Subrecipient shall not use any CDBG funds to promote “gender ideology.”

1.2 Definitions. For purposes of this section:

- a. “Gender ideology” means any theory or policy asserting that sex is determined by subjective identity rather than biological reality, as defined in Section 2(f) of E.O. 14168 and any subsequent HUD or OMB guidance.
- b. For the purposes of this section, “Promote” means to publicly advocate, endorse, distribute, advertise, or otherwise support, through funded publications, events, or materials, the prohibited ideology.

1.3 Agency Forms and Data Collection. All forms, applications, surveys, or data-collection instruments developed or used by the Subrecipient for CDBG-funded activities that request information on an individual’s sex shall list only the options “Male” or “Female.”

- a. Such forms shall not include questions or fields requesting or recording gender identity, gender expression, or similar classifications.
- b. Existing forms containing such fields shall be modified or replaced for CDBG-funded purposes to ensure compliance with E.O. 14168.

1.4 Grantee Review. At the request of the Grantee, the Subrecipient shall provide advance copies of flyers, brochures, social-media posts, or other public materials related to CDBG-funded activities for Grantee review to ensure compliance with this provision prior to release or posting.

1.5 Consistency with Existing Civil Rights Requirements. Nothing in this section shall be construed to limit or modify the Subrecipient’s obligations under any other law protecting individuals from unlawful discrimination.

### **Section 2. Compliance with Federal Anti-Discrimination Laws and False Claims Act Provisions**

2.1 General Requirement. The Subrecipient shall comply in all respects with all applicable Federal anti-discrimination laws, including Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.)

2.2 Material Compliance under the False Claims Act. Pursuant to E.O. 14173 and 31 U.S.C. § 3729(b)(4), the Subrecipient acknowledges that compliance with Federal civil-rights and anti-discrimination laws is material to the U.S. Government’s payment decisions under the False Claims Act.

2.3 Certification. By execution of this Agreement, the Subrecipient certifies that it does not and will not operate any program in violation of these laws and shall promptly report to the Grantee any filed or pending civil-rights complaint, investigation, or finding of non-compliance related to any CDBG-funded activity.

### **Section 3. Prohibition on Use of Funds for Elective Abortions**

3.1 Policy Requirement. Pursuant to E.O. 14182, *Enforcing the Hyde Amendment*, the Subrecipient shall not use any CDBG funds to fund or promote elective abortions.

3.2 Definition. For purposes of this section, “Promote” means to publicly advocate, endorse, distribute,

advertise, or otherwise support, through funded publications, events, or materials, the performance of elective abortions.

3.3 Grantee Review. At the request of the Grantee, the Subrecipient shall provide advance copies of flyers, brochures, or other outreach materials for Grantee review to ensure compliance with this provision.

#### **Section 4. Environmental Considerations**

4.1 Policy Requirement. Notwithstanding any prior Notice of Funding Opportunity (NOFO) or application materials, this Agreement shall not be governed by orders revoked by E.O. 14154, *Restoring the Rule of Law in Federal Administration*, including E.O. 14008, *Tackling the Climate Crisis at Home and Abroad*.

4.2 NEPA Unchanged. Nothing in this section shall alter or exempt the Subrecipient from compliance with existing environmental-review requirements under 24 CFR Part 58 or the National Environmental Policy Act (NEPA), 42 U.S.C. § 4321 et seq. If the NEPA statute or its implementing regulations—including those at 24 CFR Part 58—are amended or superseded during the term of this Agreement, this provision shall be automatically deemed amended to reflect and require compliance with such updated authority, as interpreted by HUD or other applicable Federal agencies.

#### **Section 5. Immigration Status Verification and SAVE System Compliance**

5.1 Policy Requirement. To ensure implementation and compliance with Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA, 8 U.S.C. §§ 1601– 1646) and E.O. 14218, *Ending Taxpayer Subsidization of Open Borders*, the Subrecipient shall assist the Grantee in ensuring that CDBG assistance is not provided to ineligible aliens.

5.2 Subrecipient Role. Subrecipients serving as program administrators shall assist the Grantee in ensuring compliance with PWRORA. Subrecipients may collect intake information and supporting documentation. The Subrecipient shall transmit collected documentation to the Grantee for verification through the Systematic Alien Verification for Entitlements (SAVE) Program or an equivalent verification system approved by the Federal Government.

5.3 Grantee Role and Determinations. The Grantee shall perform all SAVE verifications and maintain the official verification record. Any denial decisions issued by the Grantee based on SAVE results or Federal guidance are final and binding on the Subrecipient.

5.4 Prohibitions. No Subrecipient shall use CDBG funds in a manner that, by design or effect, facilitates the subsidization or promotion of illegal immigration or shields illegal aliens from deportation, including by maintaining policies or practices that materially impede enforcement of Federal immigration laws.

#### **Section 6. Equal Treatment for Faith-Based Organizations**

6.1 Policy Requirement. Faith-based organizations are eligible to participate as Subrecipients on the same basis as any other organization, consistent with E.O. 14205.

6.2 Prohibition on Religious Activities. No CDBG funds may be used for inherently religious activities such as worship, instruction, or proselytization. Any such religious activities must be separate in time or location from HUD-funded activities and voluntary for participants.

6.3 Non-Discrimination. The Subrecipient shall not, in the selection of contractors, vendors, or beneficiaries, discriminate on the basis of religious character, affiliation, or exercise.

**Business and Community Lenders of Texas**  
**FY2026 Homeownership Programming Budget**

**Revenues, Gains, and Other Support**

Homeownership Programming	\$	65,000
Contributions	\$	192,000
Contract Revenue	\$	75,000
Miscellanues Income	\$	2,000
<b>Total</b>	<b>\$</b>	<b>334,000</b>

**Expenses and Losses**

Salaries	\$	215,000
Benefits and Payroll	\$	34,400
Travel	\$	4,000
Professional Services	\$	12,000
Training, Seminars, and Conferences	\$	4,000
Insurance	\$	5,000
Licenses and Tech	\$	4,000
Office Supplies	\$	3,000
Repair and Maintenance	\$	1,000
Rent	\$	40,000
Telephone	\$	3,000
Marketing	\$	3,000
Utilities	\$	5,000
Miscellanues	\$	500
<b>Total</b>	<b>\$</b>	<b>333,900</b>

**Net Revenue** **\$** **100**

## CDBG Rental Assistance Program Budget

**Total Request: \$100,000**

<b>Line Item</b>	<b>CDBG Funds</b>
Direct Rental Assistance (payments to landlords on behalf of eligible LMI households)	\$85,000
Program Administration (eligibility verification, compliance, reporting, financial management)	\$15,000
<b>Total</b>	<b>\$100,000</b>



## Board of Directors FY2026

Name & Bio	Address	Contact Information
<p><b>William "Dub" Sutherland VI</b>  <b>Board Chair</b>            Term Expires – June 2026            Represents Business and Banking            Serving Since 2014</p>	<p><b>Kennedy Sutherland LLP</b>            Partner            P.O. Box 12747            San Antonio, TX 78212</p>	<p>[REDACTED]</p>
<p><b>Stacy Bowers</b>  <b>Chair Elect</b>            Term Expires – June 2026            Represents Banking and Civic            Serving Since 2015</p>	<p><b>Simmons Bank</b>            SVP, Community Affairs            5950 Berkshire Lane. #400            Dallas, TX 75225</p>	<p>[REDACTED]</p>
<p><b>David Salinas</b>            Term Expires – June 2026            Represents Business and Community            Serving since 2009</p>	<p><b>Salinas Engineering</b>            President/CEO            McAllen, Texas 78501</p>	<p>[REDACTED]</p>
<p><b>Melissa Robinson</b>            Term Expires – June 2027            Represents Business and RE Development            Serving Since 2020</p>	<p><b>Hemisfair Park Area Redevelopment Corporation</b>            Interim CEO            630 E. Nueva            San Antonio, Texas 78205</p>	<p>[REDACTED]</p>
<p><b>Andres Garza, Jr.*</b>  <b>Chair Emeritus / Board Secretary</b>            Term Expires – June 2027            Represents Economic Development            Serving since 1997</p>	<p>Retired 2021 City Manager            City of Wharton            Personal street address not disclosed            San Antonio, Texas 78255</p>	<p>[REDACTED]</p>
<p><b>David Brennan</b>            Term Expires – June 2027            Represents Commercial Lending            Serving since 2007</p>	<p><b>First National Bank of Central Texas</b>            SVP, Woodway-Hewitt Banking Center            President            717 Forest Oak Dr.            Woodway, Texas 76712</p>	<p>[REDACTED]</p>
<p><b>Judy Canales</b>  <b>Board Treasurer</b>            Term Expires – June 2026            Represents Community and Civic            Serving since 2020</p>	<p><b>Former Appointee for HUD, USDA, &amp; Community Resident</b>            438 N Monroe St.            Eagle Pass, Texas 78852</p>	<p>[REDACTED]</p>
<p><b>Tanner Moore</b>            Term Expires. – June 2028            Represents Community and Lending            Serving since 2025</p>	<p><b>SouthState Bank</b>            EVP, Regional President            8004 Woodway Drive, Sute 200            Waco, Texas 76712</p>	<p>[REDACTED]</p>
<p><b>Brandon Q. Jones</b>            Term Expires – June 2028            Represents Community and Banking            Serving since 2025</p>	<p><b>Comerica Bank</b>            SVP, Director of External Affairs            1717 Main St. 2nd Floor            Dallas, Texas 75201</p>	<p>[REDACTED]</p>
<p><b>David Dinoff</b>            Term Expires – June 2028            Represents Community and RE Development            Serving since 2025</p>	<p><b>Strategic Housing Finance Corporation of Travis County</b>            Deputy Director            1033 La Posada Dr., Suite 180            Austin, Texas 78752</p>	<p>[REDACTED]</p>

*\* Chair Emeritus (CE) can fill officer positions on "as needed" basis. CE has voting privileges for board and committee quorums.*  
 Roster Updated August 2025

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

2024

Department of the Treasury Internal Revenue Service

Do not enter social security numbers on this form as it may be made public.

Go to www.irs.gov/Form990 for instructions and the latest information.

Open to Public Inspection

Form header section containing: A For the 2024 calendar year, or tax year beginning Jul 1, 2024, and ending Jun 30, 2025; B Check if applicable; C Name of organization BUSINESS AND COMMUNITY LENDERS OF TEXAS; D Employer identification number 74-2581297; E Telephone number (512) 912-9884; F Name and address of principal officer: RAQUEL VALDEZ SANCHEZ, 1011 SAN JACINTO #500, AUSTIN, TX 78701; G Gross receipts \$2,686,570; H(a) Is this a group return for subordinates? Yes No; H(b) Are all subordinates included? Yes No; H(c) Group exemption number; I Tax-exempt status: 501(c)(3); J Website: WWW.BCLOFTEXAS.ORG; K Form of organization: Corporation; L Year of formation: 1990; M State of legal domicile: TX

Part I Summary

Table with 3 columns: Line number, Description, and Amount. Rows include: 1 Briefly describe the organization's mission... TO FURTHER THE ECONOMIC DEVELOPMENT OF TEXAS...; 2-7a Summary statistics; 8-12 Revenue (Prior Year vs Current Year); 13-19 Expenses (Prior Year vs Current Year); 20-22 Net Assets or Fund Balances (Beginning of Current Year vs End of Year)

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature block section containing: Sign Here (Signature of officer RAQUEL VALDEZ SANCHEZ, CEO); Paid Preparer Use Only (Preparer's name Robert CPA, Firm's name West Davis & Company LLP, Firm's address 8200 North Mopac Expressway, Suite 140, Austin, TX 78759)

May the IRS discuss this return with the preparer shown above? See instructions Yes No

**Part III Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III  Yes  No

**1** Briefly describe the organization's mission:

TO FURTHER THE ECONOMIC DEVELOPMENT OF TEXAS BY PROMOTING AND ASSISTING  
IN THE GROWTH AND DEVELOPMENT OF SMALL BUSINESS CONCERNS AND TO ASSIST IN  
THE DEVELOPMENT OF AFFORDABLE HOUSING FOR LOW AND MODERATE INCOME FAMILIES.

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No

If "Yes," describe these new services on Schedule O.

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No

If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

**4a** (Code: ) (Expenses \$ 2,616,810. including grants of \$ 653,419. ) (Revenue \$ 9. )

BUSINESS LENDING - THE ORGANIZATION PROCESSES AND SERVICES SBA  
LOANS FOR SMALL BUSINESSES THAT DO NOT QUALIFY FOR CONVENTIONAL  
FINANCING. LOANS ARE MADE TO SMALL BUSINESSES FROM GRANT FUNDS AND  
CONTRIBUTIONS FROM VARIOUS BUSINESSES AND LOCAL GOVERNMENTS AS WELL  
AS INTEREST EARNINGS AND PRINCIPAL RETURNED TO THE LOAN FUND POOL.  
DURING FISCAL YEAR 2025, THE ORGANIZATION DISBURSED OVER \$2 MILLION  
IN LOANS.

**4b** (Code: ) (Expenses \$ 484,685. including grants of \$ 0. ) (Revenue \$ 745,368. )

COMMUNITY DEVELOPMENT - THE ORGANIZATION COUNSELED OVER 1,000 FAMILIES  
ON HOME FORECLOSURE AND MITIGATION, AND OVER 800 BUSINESSES WITH  
MANAGEMENT COUNSELING, BUSINESS MARKETING, GROWTH STRATEGIES, AND  
GENERAL BUSINESS START UP AND DEVELOPMENT.

**4c** (Code: ) (Expenses \$ 390,079. including grants of \$ 0. ) (Revenue \$ 157,244. )

HOUSING AND HOME OWNERSHIP - THE ORGANIZATION HELPS FAMILIES  
SECURE A HOME OF THEIR OWN AND BUILD THEIR ASSETS. THE ORGANIZATION'S  
SPECIALISTS WORK TO BUILD A CUSTOMIZED PLAN WITH CLIENTS TO HELP  
THEM ACHIEVE THEIR GOALS AT THEIR OWN PACE.

**4d** Other program services (Describe on Schedule O.)

(Expenses \$ 384,591. including grants of \$ 0. ) (Revenue \$ 0. )

**4e** Total program service expenses 3,876,165.

## **DRESS CODE**

Employee dress should be neat in appearance and in a manner consistent with a professional atmosphere. The impression made on clients, visitors, and other employees and the need to promote company and employee safety should be kept in mind. Since fashion and mode of dress change continually, it is natural that you may want to change your style of dress to meet the custom of the times. BCL of Texas asks that you do so in moderation and in good taste. Radical departure from conventional dress or grooming is not permitted. Dress that is a distraction to other employees or results in disruption of the work will not be permitted. Jeans should not be worn except on workdays designated as casual days, skirts should be worn at a conservative length, absolutely no warm-up suits or sweatpants.

Employees are expected to maintain high standard of personal cleanliness and to present a neat, professional appearance at all times. Employees should follow guidelines in regard to professional dress standards. BCL of Texas is confident that each employee will use his or her best judgment in following acceptable cleanliness and dress standards. Employees who choose to wear fragrances in the workplace are highly encouraged to be aware of the sensitivities or allergies of their coworkers.

The employee's supervisor/manager is responsible for evaluating the dress and appearance. If an employee is not dressed appropriately, the following steps should be taken by the supervisor/manager:

- On the first occasion, a documented verbal counseling should be given to the employee, and the organization's dress code should be reviewed. If the supervisor/manager deems necessary, the employee may be sent home to change into appropriate clothing (time spent in transit to place of residence and back is not working time).
- On the second occasion, the employee should be sent home to change immediately as well as given a written warning.
- Further violations may result in discipline up to and including termination.

## **NONDISCRIMINATION, EQUAL EMPLOYMENT OPPORTUNITY, AFFIRMATIVE ACTION AND NON RETALIATION**

The purpose of this policy is to provide a working environment of nondiscrimination, equal employment opportunity, affirmative action, and non-retaliation for members of protected classes protected by law, and to comply with Federal and State equal opportunity laws and regulations.

It is the policy of BCL of Texas not to discriminate on the basis of race, color, religion, sex, age, national origin, disability, disabled veteran status, or Veterans of the Vietnam Era status, in its educational programs, activities, admission, or employment policies.

In addition to complying with federal and state equal opportunity laws and regulations, BCL through its Diversity Policy declares harassment that is based on individual differences (including sexual orientation) to be inconsistent with its mission and educational goals.

It is the policy of BCL not to illegally discriminate in any aspect of employment, including, but not limited to:

- hiring and firing
- compensation
- assignment or classification of employees transfer
- promotion
- job advertisements, recruitment, testing
- use of BCL facilities

- training and mentor programs
- fringe benefits pay
- retirement plans and disability leave
- other terms and conditions of employment

It is the policy of BCL to insure equal employment opportunity to all individuals.

BCL will seek to insure by all means at its disposal that all prohibited discriminatory conditions in employment are eliminated; BCL will also insure that the practices of those responsible in matters of employment, including all supervisors, are nondiscriminatory; BCL will take affirmative action, as allowed by law, to recruit, employ and promote qualified members of specific categories in accordance with state and federal law and BCL policy. These actions include, but are not limited to, establishing guidelines for search committees to encourage qualified applicants from all races, sexes, national origins, religions, ethnic groups, ages, veteran's service status and physical abilities; and recruiting in under-recruited areas.

BCL will:

- 1) Follow policies of recruitment, employment, upgrading, promotion, transfer, training, lay-off or termination for all categories of employment, without regard to race, color, disability (where reasonable accommodations can be made), sex, age, national origin, religion, Vietnam Era veteran or disabled veteran status.
- 2) Determine all matters of employment and of subsequent promotion to a higher position only upon the individual's qualification for a position for which he/she is to be considered.
- 3) Administer equitably all programs involving salary, fringe benefits, and participation in the affairs of BCL, for all individuals without regard to any of the characteristics named above.

Retaliation against an individual for in good faith filing a claim of discrimination, instituting or causing to be instituted any proceeding under or related to state or federal anti-discrimination laws, testifying in a discrimination investigation or proceeding, or for otherwise opposing discriminatory actions or practice will not be tolerated.

Staff should report suspected violations of this policy and/or the sexual harassment policy to management.

Prompt reporting of a complaint is strongly encouraged, as it allows for rapid response to and resolution of objectionable behavior.

All individuals who are involved in the complaint reporting, mediation and/or investigation process are obligated to maintain confidentiality of the proceedings in accordance with law.

BCL sanctions for violations of this policy (including sexual harassment) may include any disciplinary action, up to and including termination of employment for staff.

**REDUCTION IN STAFF**

BCL of Texas endeavors to provide stable employment to all employees. Situations including, but not limited to, financial necessity, a lack of work, reorganization, or changes in needs or technologies, may require a reduction in the work force to assure the continued quality and efficiency of BCL and the achievement of its mission. BCL reserves the right to reassign its employees when such reassignment meets operational needs.

A reduction in staff may take the form of elimination of jobs (layoff) or a reduction in percent effort.

Janie Avalos

[REDACTED]  
San Marcos, TX 78666  
[REDACTED]  
[REDACTED]

City of San Marcos  
Community Development Block Grant Program

**Letter of Support**

To Whom It May Concern,

My name is Janie Avalos and I live in San Marcos, TX. I am writing to show my support for the Rental Assistance Program.

Many seniors in our community live on fixed incomes. When rent increases or unexpected expenses happen, it can be very stressful. Some seniors have to choose between paying for medicine or paying rent. No one should have to make that choice.

A rental assistance program would give people a safety net when they need it most. It would help seniors, people with disabilities, and others stay in their homes and remain part of the community they love.

San Marcos is growing, and housing costs are rising. This program would help protect long-time residents from being pushed out. I believe it will make our city stronger and more caring. I support this effort and hope it receives funding.

Sincerely,

*Juanita S. Avalos*

---

Date: 03 / 02 / 2026

---

Title	San Marcos Program Support for BCL
File name	Janie.pdf
Document ID	b3736a17b29d63adfff57995f082558baf7d4e43
Audit trail date format	MM / DD / YYYY
Status	● Signed

---

### Document History



SENT

**03 / 02 / 2026**  
13:33:14 UTC-6

Sent for signature to Janie Avalos [REDACTED]  
from operations@bcloftexas.org  
IP: 162.251.242.1



VIEWED

**03 / 02 / 2026**  
14:31:09 UTC-6

Viewed by Janie Avalos [REDACTED]  
IP: 64.158.46.162 [REDACTED]



SIGNED

**03 / 02 / 2026**  
14:31:39 UTC-6

Signed by Janie Avalos [REDACTED]  
IP: 64.158.46.162 [REDACTED]



COMPLETED

**03 / 02 / 2026**  
14:31:39 UTC-6

The document has been completed.

Lourdes Valladares

San Marcos TX 78666

City of San Marcos  
Community Development Block Grant Program

**Letter of Support**

To Whom It May Concern,

My name is Lourdes Valladares, and I live in San Marcos, TX. I am writing to support the Rental Assistance Program being proposed for our community.

Over the past year, many families like mine have struggled to keep up with rent. When groceries, childcare, and utility bills go up, it becomes very hard to make ends meet. One unexpected expense, like a car repair or medical bill, can put a family at risk of eviction.

A rental assistance program would help families stay in their homes during tough times. It would prevent homelessness and keep children in the same schools. Stable housing makes a big difference in a child's life. When families feel safe and secure, parents can focus on work and building a better future.

I am currently experiencing it myself. My child got sick and we were forced to give up our home and move in with family.

San Marcos needs programs that help working families stay housed. I strongly support funding this rental assistance program.

Thank you for your time and consideration.

Sincerely,

*Lourdes Valladares*

---

Date: 02 / 27 / 2026

---

Title	Letter of Support for BCL
File name	lourdes.pdf
Document ID	b5b8c0a44861597a8143c5b6564bedf7b59b8ead
Audit trail date format	MM / DD / YYYY
Status	● Signed

---

### Document History



SENT

**02 / 27 / 2026**

10:48:06 UTC-6

Sent for signature to Lourdes Valladares (lourdesvalladares58@gmail.com) from operations@bcloftexas.org  
IP: 162.251.242.1



VIEWED

**02 / 27 / 2026**

10:50:04 UTC-6

Viewed by Lourdes Valladares (IP: 24.55.44.67)



SIGNED

**02 / 27 / 2026**

10:51:27 UTC-6

Signed by Lourdes Valladares (IP: 24.55.44.67)



COMPLETED

**02 / 27 / 2026**

10:51:27 UTC-6

The document has been completed.

Cristina Beaudin

[REDACTED]  
San Marcos, TX 78666-7935

[REDACTED]  
[REDACTED]  
City of San Marcos  
Community Development Block Grant Program

Letter of Support

To Whom It May Concern,

My name is Cristina Beaudin and I live in San Marcos, TX. I am writing to support the proposed Rental Assistance Program.

Many people in our city work hard but still struggle to afford rising rent. Teachers, service workers, healthcare staff, and small business employees are part of what makes San Marcos great. When rent becomes too high or someone falls behind because of job loss or illness, they can quickly face eviction.

This program would help prevent homelessness and keep our workforce housed in the community they serve. It is much less costly to prevent eviction than to help someone after they become homeless.

Stable housing creates stable neighborhoods. I believe this program will have a real and lasting impact on San Marcos residents.

Thank you for considering this important investment in our community.

Sincerely,



\_\_\_\_\_  
Date: 02 / 27 / 2026

---

Title	Letter of Support for BCL
File name	crisrina.pdf
Document ID	444f0d0834abde90dd7fe8e5855b096b7b690d09
Audit trail date format	MM / DD / YYYY
Status	● Signed

---

### Document History



SENT

**02 / 27 / 2026**

11:19:55 UTC-6

Sent for signature to Cristina Anna [REDACTED]  
(strahminkyle@yahoo.com) from operations@bcloftexas.org  
IP: 162.251.242.1



VIEWED

**02 / 27 / 2026**

11:24:30 UTC-6

Viewed by Cristina Anna [REDACTED]  
IP: 67.10.206.74 [REDACTED]



SIGNED

**02 / 27 / 2026**

11:25:00 UTC-6

Signed by Cristina Anna [REDACTED]  
IP: 67.10.206.74 [REDACTED]



COMPLETED

**02 / 27 / 2026**

11:25:00 UTC-6

The document has been completed.

## Contact Numbers for Board Chair and President

1. William "Dub" Sutherland VI, Board Chair 210-228-9500 (office)
2. Judy Canales, Treasurer, 830-776-0070 (cell)

# BCL of Texas Board of Directors

## Minutes

August 1, 2024

### Present

Wm Sutherland  
David Salinas  
Stacy Bowers  
Dora Zapata  
Melissa Chamrad  
Marina Garcia  
Judy Canales  
Andres Garza, Jr.  
David Brennan

### Absent

Marina Garcia

- I. **Call to Order:** The meeting was called to order by Chairman William "Dub" Sutherland who welcomed directors present and announced that Director Marina Garcia had submitted her resignation from the board effective August 1, 2024.
- II. **Consent Agenda:** Director Garza moved that the Minutes for April, May and June 2024 be approved as presented. Director Judy Canales seconded. The motion passed unanimously.
- III. **Items for approval:**
  - a. CEO presented the FY 2024 Small Business Loans report for approval. Director Garza moved approval. Director Canales seconded. After discussion, the motion passed.
  - b. Director Canales asked Raquel Valdez Sanchez to present the FY 2025 BCL Annual Budget and the CEO to present the GCTX FY 2025 Annual Budget. After a brief discussion, Director Garza moved approval as presented. Director Canales seconded. The motion passed unanimously.
- IV. **Committee Updates:**
  - a. Director Chamrad and CEO presented the Get REDI collaborative with the San Antonio UIL chapter. The goal is to raise \$500,000 operating capital for two years with the first cohort to begin early Spring 2025.
- V. **CEO Report:**
  - a. A PowerPoint was shared with the board on BCL 2024 all program loans portfolio.
  - b. The Board SBA semi annual report was presented for discission.
  - c. A PowerPoint was presented for FYE Texas Community Builders portfolio and activities.
  - d. COO, Raquel Valdez provided the board with an update on a new Loan Fund recently launched with the Diversity Ethnic Chamber Alliance (DECA).
- VI. **Other Business:**
  - a. Chairman Sutherland, asked Raquel Valdez Sanchez, CEO candidate for a presentation to the board.
  - b. The board entered into a closed board discussion, A motion was made by Director Andres Garza, to appoint Raquel Valdez Sanchez as the new President and CEO effective September 1, 2024, Director David Brennan second motion. The motion passed unanimously.

Submitted September 26, 2024.



Dora Zapata, Secretary  
BCL Board of Directors

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**RESOLUTION**  
**1.9012024**

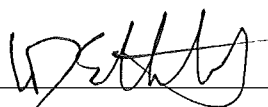
**WHEREAS**, Business and Community Lenders of Texas (BCL) has expanded its operations to various business lending programs and services across Texas;

**WHEREAS**, BCL's corporate capital requirements will continue to grow over the years to strengthen the organization's profitability and mission;

**WHEREAS**, the Board of Directors has given the BCL President and Chief Executive Officer authority to open bank accounts, handle bank transactions, execute contracts, sell assets, transfer/wire funds and assume limited debt on behalf of the corporation;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors hereby expands the signature and contract authority of the President and CEO, Raquel Valdez Sanchez, on corporate transactions for Business Community Lenders of Texas up to \$5,000,000 in fulfillment of obligations approved by the board and authority is given to Pamela Garcia to serve as Assistant Secretary of the corporation.

**ADOPTED BY THE BUSINESS COMMUNITY  
LENDERS OF TEXAS CORPORATION BOARD OF  
DIRECTORS this 1 day of September 2024.**



\_\_\_\_\_  
William Sutherland  
Board Chair



\_\_\_\_\_  
Dora Zapata  
Board Secretary

TEXAS COMMUNITY BUILDERS  
RESOLUTION  
2.9012024

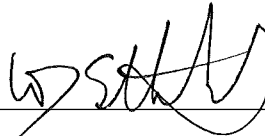
**WHEREAS**, Texas Community Builders has expanded its operations to include business lending, asset building and real estate development across Texas;

**WHEREAS**, Texas Community Builders corporate capital requirements will continue to grow over the years to strengthen the organization's profitability and mission;

**WHEREAS**, the Board of Directors has given the Texas Community Builders President and Chief Executive Officer authority to open bank accounts, handle bank transactions, execute contracts, sell assets, transfer/wire funds and assume limited debt on behalf of the corporation;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors hereby expands the signature and contract authority of the President and CEO, Raquel Valdez Sanchez, on corporate transactions for Texas Community Builders up to \$5,000,000 in fulfillment of obligations approved by the board and authority is given to Pamela Garcia to serve as Assistant Secretary of the corporation.

**ADOPTED BY THE TEXAS COMMUNITY  
BUILDERS BOARD OF DIRECTORS this 1 day of  
September 2024.**



\_\_\_\_\_  
William Sutherland  
Board Chair



\_\_\_\_\_  
Dora Zapata  
Board Secretary

BCL of Texas has not had lawsuits, judgements or bankruptcy proceedings withing the last 5 years.

## **Analysis of Program Need and Service Implementation**

Although this rental assistance program represents a new direct service for our organization, it is a strategic response to documented housing instability identified in the City of San Marcos 2025–2029 Consolidated Plan. The Plan identifies affordable housing, cost-burdened renters, and homelessness prevention as high-priority community needs.

San Marcos has a significant renter population, with many households earning at or below 80% of Area Median Income (AMI) experiencing housing cost burden. While some rental assistance programs in the community are targeted to households at or below 40% AMI, there is a service gap for low- and moderate-income renters between 40% and 80% AMI who are experiencing temporary financial hardship but are not eligible for deeply subsidized programs.

This program is designed to address that gap.

Through our administration of the City's utility assistance program, we engage directly with more than 300 San Marcos residents annually who are experiencing financial distress. A significant portion of these households report difficulty paying rent in addition to utilities and inquire about rental assistance resources. Currently, many of these residents do not qualify for existing deeply targeted programs and have limited alternatives.

The proposed program will use our existing intake systems to provide \$1,000 in rental assistance to 85 households. Average rents in San Marcos range from \$839 to \$1,550 (U.S. Census Bureau, 2024), so this help can cover a large part of monthly rent and prevent evictions. Eligibility will focus on renters at or below 80% AMI who are at risk of losing their housing but are not helped by other programs.

Using our current systems, compliance rules, and trust built through utility assistance, we can run this program efficiently and responsibly. Combining direct rental help with one-on-one intake and follow-up ensures that CDBG funds fill a real service gap. This program will help families stay in their homes, avoid eviction, and strengthen San Marcos neighborhoods.

## Griffith, Carol

---

**From:** Pamela Garcia <pgarcia@bcloftexas.org>  
**Sent:** Tuesday, March 3, 2026 8:58 AM  
**To:** Griffith, Carol; CDBG  
**Cc:** Raquel Valdez Sanchez  
**Subject:** [EXTERNAL] RE: [EXTERNAL] San Marcos CDBG Application from BCL of Texas

Hi Carol, yes confirming “none” as our response.

Thank you,

### **Pamela Garcia, MPA**

Chief of Staff  
BCL of Texas  
512-912-9885  
[Schedule a meeting with me.](#)

---

**From:** Griffith, Carol <cgriffith@sanmarcostx.gov>  
**Sent:** Monday, March 2, 2026 5:11 PM  
**To:** Pamela Garcia <pgarcia@bcloftexas.org>; CDBG <CDBG@sanmarcostx.gov>  
**Cc:** Raquel Valdez Sanchez <rvaldez@bcloftexas.org>  
**Subject:** RE: [EXTERNAL] San Marcos CDBG Application from BCL of Texas

Pamela,

BCL’s CDBG application form is complete, and the application is accepted, prior to the deadline. On March 3, we will review the whole packet of attachments and will notify you if anything is missing.

This question is not answered but I believe the answer “none” can be inferred from the questions above it, so I am counting it as answered. Please confirm that the answer is “none”

Describe any other affiliation or business relationship that might cause a conflict of interest with respect to CDBG funds and activities.

Thank you. Carol



### **Carol Griffith**

Housing and Community Development Manager | Planning & Development Services  
630 E. Hopkins St, San Marcos, TX 78666  
512-393-8147

Please take a moment to complete the City of San Marcos [Customer Satisfaction Survey](#).

This email, plus any attachments, may constitute a public record of the City of San Marcos and may be subject to public disclosure under the [Texas Public Information Act](#).

**From:** Pamela Garcia <[pgarcia@bcloftexas.org](mailto:pgarcia@bcloftexas.org)>

**Sent:** Monday, March 2, 2026 4:37 PM

**To:** CDBG <[cdbg@sanmarcostx.gov](mailto:cdbg@sanmarcostx.gov)>

**Cc:** Griffith, Carol <[cgriffith@sanmarcostx.gov](mailto:cgriffith@sanmarcostx.gov)>; Raquel Valdez Sanchez <[rvaldez@bcloftexas.org](mailto:rvaldez@bcloftexas.org)>

**Subject:** [EXTERNAL] San Marcos CDBG Application from BCL of Texas

Hello,

Please find attached our application for the proposed Rental Assistance program for CDBG funding. We are happy to answer any questions you may have.

Thank you for your time and consideration. Can you please confirm receipt?

Best regards,



**Pamela Garcia, MPA**

Chief of Staff  
512-912-9885



**CAUTION:** This email is from an EXTERNAL source. Links or attachments may be dangerous. Click the Report Spam/Phishing button in the Mimecast tab if you think this email is malicious.

**CAUTION:** This email is from an EXTERNAL source. Links or attachments may be dangerous. Click the Report Spam/Phishing button in the Mimecast tab if you think this email is malicious.

BCL has two active contracts with the City of San Marcos:

- Contract #: 222-136R **Small Business Counseling Services** \$452,500
- Contract #: 2025-039.1 **Utility Payment Assistance Program** \$34,061.28

# BUSINESS AND COMMUNITY LENDERS OF TEXAS

## TEXAS COMMUNITY BUILDERS

Consolidated Financial Statements  
Independent Auditor's Report  
Single Audit Reports  
Supplementary Information

June 30, 2025

WEST, DAVIS & COMPANY, LLP  
*Certified Public Accountants*  
Austin, Texas

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
AUDITED FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS  
YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
<b>Independent Auditor’s Report</b> .....	3
Financial Statements:	
Statement of Financial Position.....	6
Statement of Activities.....	7
Statement of Cash Flows.....	8
Statement of Functional Expenses.....	9
Notes to Financial Statements.....	10-25
Supplementary Information:	
504-Specific Income and Expenses.....	27
Consolidating Statement of Financial Position.....	28
Consolidating Statement of Activities.....	29
Reports Required by <i>Government Auditing Standards</i> and the Uniform Guidance:	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	31
Independent Auditor’s Report on Compliance for Each Major Program; and on Internal Control Over Compliance Required by the Uniform Guidance.....	33
Schedule of Expenditures of Federal Awards.....	36
Notes to Schedule of Expenditures of Federal Awards.....	37-38
Schedule of Findings and Questioned Costs.....	39

# WEST, DAVIS & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
8200 NORTH MO PAC, SUITE 140  
AUSTIN, TEXAS 78759  
TELEPHONE 503-828-6650

GARY W. DAVIS, C.P.A.  
ROBERT H. WEST, C.P.A.  
ROBERT H. WEST, JR., C.P.A.

gary@westdavis.com  
bob@westdavis.com  
rob@westdavis.com

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Business and Community Lenders of Texas and Affiliates  
Austin, Texas

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Business and Community Lenders of Texas (a nonprofit corporation) and its affiliate, Texas Community Builders (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, cash flows, and functional expenses 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 Business and Community Lenders of Texas and Texas Community Builders as of June 30, 2025, and the consolidated changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibility for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that the audits conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 the audits in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 the Organization'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 the Organization'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

## **Report on Summarized Comparative Information**

We have previously audited Business and Community Lenders of Texas's 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of Business and Community Lenders of Texas and Texas Community Builders taken as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2025, on our consideration of Business and Community Lenders of Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Business and Community Lenders of Texas's internal control over financial reporting and compliance.

*West, Davis & Company, LLP*

*Certified Public Accountants*

Austin, Texas

October 30, 2025

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
<b><u>Assets</u></b>		
Current assets		
Cash and cash equivalents:		
Unrestricted	\$ 14,789,223	\$ 16,196,299
Restricted	1,150,892	2,344,620
Receivables:		
Accounts receivable	243,604	285,635
Accrued interest receivable	169,822	169,822
Prepaid expenses and deposits	84,940	76,096
Current portion of loans receivable (note 3)	3,227,209	312,473
Total current assets	19,665,690	19,384,945
Other long-term assets		
Loans receivable, net of current portion (note 3)	6,114,209	8,765,444
Programmatic loans receivable (note 4)	468,792	1,119,072
Loan pool investments (note 4)	2,500,000	2,500,000
Property held for resale and development costs (note 5)	1,044,269	1,072,268
Right of use asset (note 8)	278,000	13,593
Property and equipment, net (note 6)	3,279,675	3,377,919
<b>Total assets</b>	<b>\$ 33,350,635</b>	<b>\$ 36,233,241</b>
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities		
Accounts payable	\$ 87,817	\$ 136,927
Accrued liabilities	144,633	136,512
Security deposits and escrow liabilities	25,939	18,739
Payable to participants	133,599	154,038
Current portion of operating lease liability (note 8)	61,543	1,112
Current portion of long-term debt (note 7)	4,915,289	1,161,962
Total current liabilities	5,368,820	1,609,290
Long-term liabilities		
Operating lease liability (note 8)	216,457	13,344
Long-term debt, net of current portion (note 7)	9,208,332	14,005,777
Less unamortized discount (note 7)	(625,807)	(684,437)
Total long-term liabilities	8,798,982	13,334,684
<b>Total liabilities</b>	<b>14,167,802</b>	<b>14,943,974</b>
Net assets (note 9)		
Without donor restrictions		
Unrestricted	16,280,136	17,945,573
Board designated	2,479,049	2,659,258
Total net assets without donor restrictions	18,759,185	20,604,831
With donor restrictions	423,648	684,436
<b>Total net assets</b>	<b>19,182,833</b>	<b>21,289,267</b>
<b>Total liabilities and net assets</b>	<b>\$ 33,350,635</b>	<b>\$ 36,233,241</b>

The accompanying notes are an integral part of the financial statements.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)

	2025			2024
	Without donor restrictions	With donor restrictions	Total	
<b>Revenus and other support:</b>				
Grants and contributions	\$ 755,075	\$ -	\$ 755,075	\$ 1,106,220
Loan processing and closing fees	36,315	-	36,315	61,310
Loan servicing fees	138,557	-	138,557	143,556
Homebuyer counseling & education	53,519	-	53,519	157,244
Contract revenue	701,432	-	701,432	743,416
Loan interest income	810,910	-	810,910	815,856
Rental income	203,346	-	203,346	263,163
Bank interest income	327,349	-	327,349	87,244
Other income	31,864	-	31,864	42,130
Net assets released from restrictions	260,788	(260,788)	-	-
<b>Total revenues and support</b>	<b>3,319,155</b>	<b>(260,788)</b>	<b>3,058,367</b>	<b>3,420,139</b>
<b>Expenses:</b>				
Program services:				
Entrepreneurship	384,591	-	384,591	309,415
Lending	2,351,132	-	2,351,132	2,332,109
Community development	323,858	-	323,858	171,542
Homeownership	993,498	-	993,498	421,353
Property management	578,258	-	578,258	524,518
Total program services	4,631,337	-	4,631,337	3,758,937
Supporting services:				
Management and general	533,464	-	533,464	603,511
<b>Total expenses</b>	<b>5,164,801</b>	<b>-</b>	<b>5,164,801</b>	<b>4,362,448</b>
Change in net assets	(1,845,646)	(260,788)	(2,106,434)	(942,309)
Net assets at beginning of year	20,604,831	684,436	21,289,267	22,231,576
<b>Net assets at end of year</b>	<b>\$ 18,759,185</b>	<b>\$ 423,648</b>	<b>\$ 19,182,833</b>	<b>\$ 21,289,267</b>

The accompanying notes are an integral part of the financial statements.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2025**  
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (2,106,434)	\$ (942,309)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loans receivable forgiven	1,336,340	925,711
Provision for loan losses	530,019	61,762
Resale property written off	28,000	-
Investments written off	-	29,829
Depreciation	161,342	167,197
Amortization	54,627	56,684
(Increase) decrease in operating assets		
Accounts receivable	42,031	(189,875)
Accrued interest receivable	-	23,917
Prepaid expenses and deposits	(8,844)	(26,593)
Increase (decrease) in operating liabilities		
Accounts payable	(49,110)	(49,982)
Accrued liabilities	8,121	23,202
Security deposits and escrow liabilities	7,200	40,406
Payable to participants	(20,439)	28,209
Net cash provided (used) by operating activities	(17,147)	148,158
<b>Cash flows from investing activities</b>		
Loans receivable originated	(4,723,021)	(7,523,098)
Principal payments collected on loans receivable	3,246,580	5,263,201
Principal payments collected on programmatic loans	-	10,368
Property and equipment purchases	(63,098)	(103,862)
Net cash provided by investing activities	(1,539,539)	(2,353,391)
<b>Cash flows from financing activities</b>		
Principal payments on debt	(1,044,118)	(1,034,620)
Net cash provided by financing activities	(1,044,118)	(1,034,620)
Net increase (decrease) in cash	(2,600,804)	(3,239,853)
Cash at beginning of year	18,540,919	21,780,772
<b>Cash at end of year</b>	\$ 15,940,115	\$ 18,540,919
<b>Reconciliation of cash and cash equivalents:</b>		
Unrestricted	\$ 14,789,223	\$ 16,196,299
Restricted	1,150,892	2,344,620
Total cash and cash equivalents	\$ 15,940,115	\$ 18,540,919
<b>Supplementary Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 446,371	\$ 370,666

The accompanying notes are an integral part of the financial statements.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2025  
(WITH COMPARATIVE TOTALS FOR 2024)

	Entrepreneurship	Lending	Community Development	Home Ownership	Property Management	Management and General	2025 Total	2024
Personnel costs:								
Salaries and wages	\$ 165,312	\$ 407,292	\$ 70,618	\$ 215,505	\$ 67,063	\$ 200,558	\$ 1,126,348	\$ 1,078,572
Payroll taxes	12,531	30,873	5,353	16,336	7,418	12,868	85,379	81,545
Employee benefits	17,339	50,393	6,240	21,511	-	45,441	140,924	85,713
<b>Total personnel costs</b>	<b>195,182</b>	<b>488,558</b>	<b>82,211</b>	<b>253,352</b>	<b>74,481</b>	<b>258,867</b>	<b>1,352,651</b>	<b>1,245,830</b>
Bad debts	-	-	-	-	-	-	-	4,892
Board expense	-	78	-	-	-	11,866	11,944	6,415
Community loan center grant expense	-	-	168,333	-	-	-	168,333	123,662
Contributions	-	632,046	50,875	653,419	-	-	1,336,340	946,673
Customer reimbursements	-	-	-	-	320	-	320	8,000
Depreciation	-	-	-	-	135,348	25,994	161,342	167,197
Insurance	668	40,865	90	601	30,989	3,179	76,392	82,641
Interest	-	301,347	-	-	98,169	46,855	446,371	437,459
Loan packaging	3,895	1,308	-	2,950	-	225	8,378	8,082
Marketing	22,246	24,979	2,079	23,589	3,442	18,923	95,258	142,269
Membership dues	6,173	29,022	482	3,188	402	19,503	58,770	67,095
Office and software expense	18	41,188	1	2,351	197	21,330	65,085	34,958
Professional services	30,863	212,330	14,025	25,272	55,570	29,242	367,302	360,316
Program closeout	-	-	-	-	-	-	-	12,000
Property taxes	-	10,451	-	-	33,423	-	43,874	59,261
Provision for loan losses	-	530,019	-	-	-	-	530,019	155,271
Rent	46,069	9,538	4,489	16,505	-	842	77,443	78,906
Repairs and maintenance	4,096	7,129	627	4,530	104,208	49,060	169,650	157,895
Telephone	4,412	4,481	389	2,940	840	3,118	16,180	6,663
Training, seminars and conferences	67,060	8,635	-	220	440	-	76,355	56,574
Travel	1,545	5,644	-	1,846	302	25,240	34,577	28,892
Utilities	2,364	3,514	257	2,735	39,797	2,387	51,054	56,738
Miscellaneous	-	-	-	-	330	16,833	17,163	114,759
<b>Total expenses</b>	<b>\$ 384,591</b>	<b>\$ 2,351,132</b>	<b>\$ 323,858</b>	<b>\$ 993,498</b>	<b>\$ 578,258</b>	<b>\$ 533,464</b>	<b>\$ 5,164,801</b>	<b>\$ 4,362,448</b>

The accompanying notes are an integral part of the financial statements.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**Note 1 – The Organization and Summary of Significant Accounting Policies**

*Organization and Background*

Business and Community Lenders of Texas (BCL) is a private nonprofit corporation with tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It was formed in 1990 by interested citizens to promote economic development in Texas. Today, BCL provides business lending and technical assistance services, housing and homeownership lending and coaching, community economic development assistance, and entrepreneurship assistance and training. BCL is a Community Development Financial Institution, certified by the Community Development Financial Institution Fund of the U.S. Department of the Treasury. BCL is governed by a ten-member Board of Directors. On September 1, 2024, BCL changed its name from CEN-TEX Certified Development Corporation to Business and Community Lenders of Texas.

Texas Community Builders (TCB) is a private nonprofit corporation with tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It was formed in 2000 to provide affordable housing and development services across Texas to underserved low- and moderate-income individuals. TCB is governed by a four-member Board of Directors. On September 1, 2024, TCB changed its name from Grand Central Texas Development Corporation to Texas Community Builders.

The significant accounting policies followed by the Organization are described below to enhance the usefulness of the financial statements to the reader.

*Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities and objectives specified by donors.

*Basis of Consolidation*

The financial statements of Business and Community Lenders of Texas and Texas Community Builders are presented in the financial statements on a consolidated basis as both have common board members and management. Inter-organization transactions and balances have been eliminated for financial statement purposes.

*Basis of Presentation*

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) as set forth in its Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

Accordingly, the net assets of BCL and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of BCL's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions, which include unconditional promises to give, are recognized as revenues in the period pledged. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. All other support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Fees for service receipts are recognized in the period earned. Reimbursable earnings not yet received from grantors and customers are recorded as receivables. Funds received in excess of actual earnings are recorded as deferred revenue. Expenditures for goods and services are recorded at the time goods are received or services are rendered.

The Organization recognizes loan interest revenue over the term of the loan. Loan fees are earned when the loan transaction is finalized. Grants from governmental agencies which are conditional on the performance of specified program services or activities are recorded as revenue when the related expenses stipulated by the grants are incurred.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

*Fair Value Measurements*

Investments are shown at their estimated fair value in accordance with FASB ASC 820, "Fair Value Measurements and Disclosures". Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized gains and losses are recorded using the specific identification method upon the sale of investment assets. The fair value of investments is subject to ongoing fluctuation. The amount ultimately realized upon disposition will differ from the amounts reported in these financial statements.

Certain items are carried at cost on the balance sheet, which approximates fair value due to their short-term, highly liquid nature. These items include cash and cash equivalents, interest and fees receivable, prepaid expenses, accounts payable, accrued expenses, and deferred revenue.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other organizations, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

*Cash and Cash Equivalents*

For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents.

*Restricted Cash*

Restricted cash consists of cash accounts that are required by the grantor to be maintained for a specific purpose or loan program. The Organization's restricted cash balance is composed of federal loan program cash, cash collected and not yet remitted to various agencies related to administered loan programs, cash segregated for use as loan loss insurance, and cash received in advance of expenditures on federal grant contracts.

*Payable to Participants*

From time to time, the Organization will hold cash received in an agency capacity. These assets represent cash received from financial institutions, government agencies, or not-for-profit organizations the Organization is acting as an agent for. The cash received is for the ultimate benefit of unrelated organizations that participate in programs for which the Organization helps administer funds. Cash is recorded on the consolidated statement of financial position; a corresponding liability for the same amount is also recorded as agency funds on the accompanying consolidated statement of financial position. The Organization's payable to participants balance at June 30, 2025 is composed of funds due to the City of Hempstead and Hope Community Church.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

*Accounts Receivable*

Program accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management evaluates the need for an allowance for doubtful accounts applicable to its accounts receivable based on various factors, including an assessment of the credit worthiness of its donors and customers, aging of the amount due and historical experience. Based on management's assessment of the credit history with clients having outstanding balances and current relationships with them, it has concluded that realization losses on accounts receivable balances outstanding at year-end have been adequately provided for.

*Loans Receivable and Allowance for Loan Losses*

Loans receivable are stated at net realizable value. Interest income on loans is computed based on the outstanding loan balance and is accrued as it becomes receivable under the contractual terms of the note.

Loans receivable may or may not require collateral. Collateral, if applicable, generally consists of various business and/or personal assets of the borrowers.

The provision for loan losses is increased by provisions for loan losses charged to operating expenses and reduced by loans charged off. A provision for loan losses of the outstanding individual loans receivable is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in each individual loan. The amount of provision for loan losses is based on management's evaluation of the collectability of each individual loan, including the nature of the loan, economic conditions, and other risks inherent to the loan. Loan losses are charged against the provision for loan losses when management believes the uncollectability of a loan balance is probable. Although management uses available information to recognize losses on loans, because of uncertainties associated with economic conditions and collateral values, it is reasonably possible that a material change could occur in the provision for loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated at this time.

In accordance with FASB ASC 310-10, the Organization considers a loan to be impaired when, based on current information and events, management determines that the Organization will not be able to collect all amounts due according to the loan agreements. The Organization assesses and accounts for impaired loans when borrowers have failed to make timely payments for more than three months. When the ultimate collectability of the total principal of an impaired loan is in doubt and the loan is on nonaccrual status, all payments are applied to principal, under the cost recovery method. When the ultimate collectability of the total principal of an impaired loan is not in doubt and the loan is on nonaccrual status, contractual interest is credited to interest income when received, under the cash basis method. When a loan is identified as impaired and the sole (remaining) source of repayment for the loan is the liquidation of the collateral, management evaluates the current fair value of the collateral less estimated selling costs when foreclosure is probable. When management determines that the value of the impaired loan is less than the recorded investment in the loan (net of previous charge-offs), management recognizes impairment through an allowance estimate or a charge-off to the allowance.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

*Programmatic Loans*

The Organization follows the criteria as defined in the American Institute of Certified Public Accountants Audit and Accounting Guides/Not-for-Profit Entities (the AAG/NFP) to determine if any loans meet the definition of programmatic investment. In accordance with the AAG/NFP, programmatic investment is defined as any investments by a not-for profit (NFP) entity that meets the following two criteria:

- Its primary purpose is to further the tax exempt objectives of the NFP entity;
- The production of income or the appreciation of the asset is not a significant purpose (i.e., an investor seeking a market return would not enter into the investment).

Based on the criteria above, the loans receivable that are forgiven over a specified period (see Note 4) are determined to be programmatic loans with contribution element. As a result, the Organization recognizes the contribution expense in accordance with the standards in FASB ASC 958-720. Contribution expense is recognized upon the occurrence of a specified future and uncertain event in accordance with the underlying promissory note agreements. The programmatic loans are reported at amortized cost.

*Off-balance-sheet financial instruments*

In the ordinary course of business, the Organization may enter into off-balance-sheet financial instruments consisting of guarantees. Such financial instruments are recorded in the consolidated financial statements when the funding is probable or related fees are incurred or received. As of June 30, 2025, the Organization has no off-balance-sheet financial instruments.

*Property and Equipment*

Property and equipment is valued at cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair market value on the date donated. Expenses for repairs that materially extend the useful life of an asset are capitalized at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. the Organization capitalizes all purchases of property and equipment exceeding \$5,000.

*In-Kind Contributions*

Donated facilities, equipment, and services are reflected in the accompanying financial statements at fair market value at the time of receipt. Contributions with donor-imposed stipulations regarding specific purposes the contributed assets must be used for are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

*Income Taxes*

BCL and TCB are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. In addition, both qualify for the charitable contribution deduction under IRC Section 170(b)(1)(A) and have been classified as organizations that are not a private foundation under IRC Section 509(a)(2). No provision for income taxes has been made in the accompanying financial statements, as there are no activities subject to unrelated business income tax.

The Organization's federal tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal income tax returns have three year statute of limitations.

*Expenses*

Costs by their natural classification are presented in the statement of functional expenses. The costs of providing various programs and other activities have been summarized on a functional basis by the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenditures benefiting all segments of the organization are allocated to programs in proportion to the benefits received from shared expenditures. Such allocations are determined by management on an equitable basis as follows:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries, benefits, and payroll taxes	Time and effort
Travel	Time and effort
Rent	Square footage
Insurance	Square footage
Office expenses	Time and effort
Repairs and maintenance	Time and effort
Telephone	Time and effort
Marketing	Time and effort
Utilities	Square footage

*Reclassifications*

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

*Summarized Financial Information for 2024*

The financial information as of June 30, 2024 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**Note 2 – Availability and Liquidity**

The following represents the Organization’s financial assets and liabilities at June 30, 2025:

Financial assets at year end:	
Unrestricted cash and cash equivalents	\$14,789,223
Accounts receivable	243,604
Accrued interest receivable	169,822
Current portion of loans receivable	<u>3,227,209</u>
Total financial assets at year end	<u>18,429,858</u>
Less financial liabilities at year end:	
Accounts payable and accrued liabilities	(453,531)
Current portion of notes payable	<u>(4,915,289)</u>
Total financial liabilities at year end	<u>(5,368,820)</u>
Financial assets available to meet general expenditures over the next twelve months	
	<u><u>\$13,061,038</u></u>

The Organization has a goal to maintain financial assets on hand to meet 90 days of normal operating expense, which are, on average, approximately \$1 million. BCL has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**Note 3 – Loans Receivable**

The Organization offers loans to qualifying businesses. These loans are offered to startup or established businesses. Loans generally range from \$5,000 to \$500,000 with loan terms of 24 to 120 months. Individual and group loans carry a 5% to 10% annual interest rate, calculated on the declining balance of the loan. During the year ended June 30, 2025, the Organization disbursed \$4,723,021 in new loans.

Small business loans are underwritten after evaluating and understanding the borrower’s ability to repay the loan through operating profitably and effectively growing its business. BCL’s management examines current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed. Small business loans are primarily made based on the credit quality and cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. Most small business loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee to add strength to the credit and reduce the risk on a transaction to an acceptable level; however, some short-term loans may be made on an unsecured basis to credit worthy borrowers. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**Note 3 – Loans Receivable (Continued)**

Loans receivable at June 30, 2025 consisted of the following:

Commercial notes receivable from entities or individuals due in monthly installments including principal and interest, under Business Capital Loan Fund; established through a promissory note with Texas Department of Agriculture; secured by business property, inventory, fixtures and equipment, and accounts receivable.	\$ 109,031
Commercial notes receivable from entities or individuals due in monthly installments including principal and interest, under Growth Loan Fund, established with funds from BCL and loans from various financial institutions; secured by business property, inventory, fixtures and equipment, and accounts receivable.	5,286,716
Commercial notes receivable from entities or individuals due in monthly installments including principal and interest, under the Intermediary Relending Program; established with loans from the USDA, NRC capital grants and funds from BCL; secured by business property, inventory, fixtures and equipment, and accounts receivable. These notes receivable were pledged as collateral of certain loan-term debt with USDA.	1,138,920
Commercial notes receivable from entities due in monthly installments including principal and interest, under the Small Business Recovery Loan Fund; established with the grant from Wells Fargo; secured by real estate, business property, inventory, fixtures and equipment.	436,926
Commercial notes receivable from entities or individuals due in monthly installments including principal and interest, under USDA Capital Loan Fund; established through a promissory note with Texas State Department of Agriculture; secured by business property, inventory, fixtures and equipment, and accounts receivable.	751,737
Commercial notes receivable from entities due in monthly installments including principal and interest, under the SBA Intermediary Lending Pilot Program Loan Fund; established through a promissory note with the SBA; secured by real estate, business property, inventory, fixtures and equipment.	403,774
Mortgage first lien non-interest bearing notes receivable from individuals due in principal-only monthly installments, purchased from East Wharton County Habitat for Humanity with the CDFI FA grant from the Department of the Treasury; secured by real estate. The unamortized discount at June 30, 2025 was \$29,158.	75,690
Consumer notes receivable from individuals due in semi-monthly or bi-weekly installments of principal and interest, under the CLC Dallas & CLC Austin programs, unsecured.	<u>2,204,698</u>
Total loans receivable	10,407,492
Less provision for loan losses	<u>(1,066,074)</u>
Loans receivable, net	<u><u>\$9,341,418</u></u>

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**Note 3 – Loans Receivable (Continued)**

Consumer loans are managed by the Rio Grande Valley Multibank and are made through employers to individual employees. The loans are unsecured and loan payments are deducted from individuals' subsequent paychecks.

Changes in loans receivable during June 30, 2025 were as follows:

	<u>Commercial</u>	<u>Consumer</u>	<u>Mortgage</u>	<u>Total</u>
Balance, June 30, 2024	\$ 7,452,371	\$ 2,262,147	\$ 79,783	\$9,794,301
New loans	2,287,420	2,435,601	-	4,723,021
Principal collected on loans	(749,437)	(2,493,050)	(4,093)	(3,246,580)
Loans written off	(180,329)	-	-	(180,329)
Loans forgiven	(682,921)	-	-	(682,921)
Balance, June 30, 2025	<u>\$ 8,127,104</u>	<u>\$ 2,204,698</u>	<u>\$ 75,690</u>	<u>\$10,407,492</u>

At June 30, 2025, the Organization was scheduled to receive \$3,227,209 in principal repayments on its outstanding loans receivable during the year ending June 30, 2026.

The Organization has certain lending policies and procedures in place that are designed to generate loan income within an acceptable level of risk. A reporting system supplements the review process by providing management with frequent reports related to loan production, loan quality, concentrations of credit, loan delinquencies and non-performing and potential problem loans.

As a matter of practice, on a continuing basis, the Organization assesses its loans receivable portfolio, using its internal credit quality indicators. Management's evaluation of specific types of loans and changes to the required allowance for specific types of loans is based on economic, geographic, and industry type factors, past loan loss experience, and loan quality trends, and available collateral, among other factors. All loans receivable have been assessed and monitored through June 30, 2025.

The Organization has adopted Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments- Credit Losses: Measurement of Credit Losses on Financial Instruments*, which superseded the current guidance on the allowance for credit losses. The ASU was issued to provide financial statement users with more useful information about the expected credit losses on financial instruments held by a reporting entity at each reporting date to enhance the decision-making process. The current expected credit losses (CECL) model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses for loans at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**Note 3 – Loans Receivable (Continued)**

The Organization follows an internal Asset Quality Policy adopted by the Board of Directors and classifies its loan portfolio accordingly in the following five categories:

Acceptable: These are loans of the highest quality.

Special Mention: These loans have potential weaknesses. Loans in this category may have deviations from prudent lending practices, and/or subject to economic or market conditions that in the future, may affect the borrower.

Substandard: These loans are inadequately protected by the repayment capacity, equity, and/or collateral pledged.

Doubtful: Loans classified *Doubtful* have multiple weaknesses that are based on current existing facts, conditions, and values.

Loss: Loans classified *Loss* are considered uncollectible. This classification does not mean the loan has no recovery or salvage value, but rather it is not practical or desirable to defer writing off a basically worthless loan even though partial recovery may be possible in the future.

Changes in the allowance for loan losses during the year ended June 30, 2025 were as follows:

	<u>Commercial</u>	<u>Consumer</u>	<u>Mortgage</u>	<u>Total</u>
Balance, June 30, 2024	\$ 557,203	\$ 159,181	\$ -	\$ 716,384
Loans written off	(180,329)	-	-	(180,329)
Loans forgiven	(632,046)	-	-	(632,046)
Loan loss accruals	981,736	180,329	-	1,162,065
Balance, June 30, 2025	<u>\$ 726,564</u>	<u>\$ 339,510</u>	<u>\$ -</u>	<u>\$ 1,066,074</u>

BCL is exposed to several risk factors related to its loans receivable:

- Interest rate risk associated with a large portion of commercial loans with fixed rates.
- Risk of a deteriorating economic climate and its impact on BCL's collection of loans.
- Economic, industry, and geographic risks associated with secured loans to small businesses primarily in Texas.

The preceding valuation methods described may produce a calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other organizations, the use of different methodologies or assumptions to determine fair values of programmatic loans and loans receivable could result in a different fair value measurement at the reporting date.

These loans are funded directly by the SBA and are not on BCL's books. SBA 504 loans outstanding at June 30, 2025 totaled \$13,107,405.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**Note 4 – Programmatic Loans and Loan Pool Investments**

Programmatic loans consisted of the following as of June 30, 2025:

Non-interest bearing notes receivable from individuals, principal payments are forgivable over three to five years; funded with contributions from Wells Fargo and NRC LIFT down payment assistance program; secured by real estate. Principal balance of \$589,919 was forgiven for the year ended June 30, 2025.	\$ 42,500
Mortgage second lien non-interest bearing notes receivable from individuals, principal payments are forgivable over the term of the notes; purchased from East Wharton County Habitat for Humanity; secured by real estate. The unamortized discount at June 30, 2025 was \$12,296. Principal balance of \$5,500 was forgiven for the year ended June 30, 2025.	14,292
Non-interest bearing notes receivable from qualified first-time homebuyers with income at or below eighty-percent of Austin area median income, principal payments are forgivable over ten years; funded with contributions from CDFI FA grant; secured by real estate. Principal balance of \$58,000 was forgiven for the year ended June 30, 2025.	<u>412,000</u>
Total programmatic loans receivable	<u><u>\$ 468,792</u></u>

During the year ended June 30, 2025, the Organization collected \$ -0- from programmatic loans receivable. During the year ended June 30, 2025, the Organization forgave \$653,419 of its programmatic loans, which were non-cash transactions and were recorded as contribution expense on the consolidated statement of activities.

Estimated contribution expense from the forgiveness of the programmatic loans is as follows:

Years ending June 30,	
2026	\$ 94,527
2027	52,027
2028	52,027
2029	52,027
2030	56,184
Thereafter	<u>162,000</u>
Total	<u><u>\$ 468,792</u></u>

During the year ended June 30, 2020, the Organization made a \$2,500,000 investment in a loan pool in the amount of \$2,500,000 with annual return rate at 4.5%. Loan pool investments at June 30, 2025 consisted of a \$2,500,000 investment in the loan pool. The investment is considered a Level 3 investment.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**Note 5 – Properties Held for Resale and Development Costs**

As of June 30, 2025, resale properties and predevelopment costs consisted of the following:

Casitas Carmen San Antonio predevelopment costs	\$ 92,572
Fairpark West Dallas donated land	472,580
Fairpark West Dallas predevelopment costs	153,577
Arbor Parker Fort Worth predevelopment costs	247,906
Bay City land predevelopment costs	77,634
	<u>\$ 1,044,269</u>

**Note 6 – Property and Equipment**

Property and equipment consists of the following at June 30:

	<u>2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>2025</u>
Land	\$ 160,904	-	-	160,904
Buildings	4,447,233	63,098	-	4,510,331
Furniture & Equipment	184,269	-	-	184,269
Vehicles	52,780	-	-	52,780
Total property & equipment	4,845,186	63,098	-	4,908,284
Accumulated depreciation	<u>(1,467,267)</u>	<u>-</u>	<u>(161,342)</u>	<u>(1,628,609)</u>
Net property & equipment	<u>3,377,919</u>	<u>63,098</u>	<u>(161,342)</u>	<u>3,279,675</u>

Building additions during the year ended June 30, 2025 consisted of improvements to Texas Community Builders' Town Oaks and single family rental properties. There were no dispositions during the year. Depreciation expense for the year ended June 30, 2025 was \$161,342.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**Note 7 – Long-term Debt**

Long-term debt consists of the following:

Lender	Interest Rate	Maturity Date	Balance 6/30/2025	
Bank of America	3.25%	08/22/25	\$ 700,000	
CNote Group	1.50%	11/21/26	250,000	
Comerica Bank	2.00%	04/15/26	2,000,000	
Credit Builders Alliance	3.00%	02/01/26	34,323	
Enterprise Loan	0.00%	06/30/26	20,000	
Frost Bank	4.75%	08/31/28	1,785,018	**
Opportunity Finance Network	2.00%	05/03/32	2,000,000	
Opportunity Finance Network	3.00%	09/30/32	700,000	
PNC Bank	2.25%	10/01/27	1,000,000	
Sustainable Communities Foundation	2.70%	08/09/26	500,000	
Texas Department of Agriculture	1.00%	06/30/26	127,451	*
U.S. Department of Agriculture Community Facilities	2.38%	11/30/56	716,000	*
U.S. Department of Agriculture IRP I	1.00%	05/31/35	247,524	*
U.S. Department of Agriculture IRP II	1.00%	04/30/36	330,013	*
U.S. Department of Agriculture IRP IV	1.00%	06/30/44	472,717	*
U.S. Department of Agriculture IRP V	1.00%	11/31/45	850,234	*
U.S. Department of Agriculture RMAP	2.00%	12/23/30	20,891	*
U.S. Small Business Administration ILPP	1.00%	08/31/31	369,450	
Wells Fargo Bank	2.00%	03/31/35	800,000	
Wells Fargo Bank EQ2	2.00%	11/31/25	1,200,000	
		Total notes payable	14,123,621	
		Less current portion	(4,915,289)	
		Long term portion	\$ 9,208,332	

\* Collateralized by loan pool cash and loans receivable

\*\* Collateralized by San Jacinto property

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**Note 7 – Long-term Debt (Continued)**

Scheduled principal payments of long-term debt are due are as follows:

Years ending June 30,	
2026	\$ 4,915,289
2027	938,392
2028	1,185,152
2029	1,970,170
2030	185,751
Thereafter	<u>4,928,867</u>
Total	<u>\$ 14,123,621</u>

The notes payable to USDA and SBA were originally recorded at their present value at the date of the notes based on effective interest rates 3.25% and 6.25%. Changes in the unamortized discount during the year ended June 30, 2025 were as follows:

Unamortized loan costs, June 30, 2024	\$ 684,437
Amortization charged to interest expense	<u>(58,630)</u>
Unamortized loan costs, June 30, 2025	<u>\$ 625,807</u>

**Note 8 – Operating Leases Commitments**

In August 2022, the Organization entered into a 36 month operating lease agreement for office space in San Marcos. In December 2024, the Organization entered into a 60 month lease for office space in Dallas. The right-of-use asset and lease liability at June 30, 2025 as presented in the Statement of Financial Position was \$278,000 and \$278,000, respectively. The Organization has elected to present its lease assets and liabilities on a portfolio basis.

The following table reconciles the undiscounted cash flows expected to be paid in each of the next five years and thereafter to the lease liability recorded on the Statement of Financial Position for the operating leases existing as of June 30, 2025:

Years ending June 30,	
2026	\$ 61,543
2027	61,763
2028	63,119
2029	64,475
2030	27,100
Thereafter	<u>-</u>
Total	<u>\$ 278,000</u>

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**Note 9 – Net Assets**

Net assets at June 30, 2025 are available for the following purposes:

Net assets without donor restrictions:

Board designated for Community Developers Roundtable	\$ 545,927
Board designated operating reserve	1,933,122
Undesignated - available for programs	16,280,136
Total net assets without donor restrictions	<u>18,759,185</u>

Purpose restricted net assets:

USDA IRP Revolving Loan Funds	57,787
USDA RMAP Revolving Loan Funds	-
SBA ILPP Revolving Loan Funds	365,861
Total net assets with donor restrictions	<u>423,648</u>

Total net assets	<u><u>\$19,182,833</u></u>
------------------	----------------------------

**Note 10 – Pension Plan**

The Organization has established a Simple IRA for substantially all employees. The organization contributes a discretionary amount, which is determined annually. For the year ended June 30, 2025, the Organization matched employee contributions up to 5% of employees' eligible compensation. Retirement plan contributions for the year ended June 30, 2025 were \$54,464.

**Note 11 – Concentrations of Credit and Market Risk**

The Organization provides commercial loans to small businesses throughout Texas. The organization has been in business since 1978. Financial instruments that potentially subject the organization to concentrations of credit and market risk consist of cash and equivalents, notes receivable, notes payable, and revenue from government grants and contracts.

The Organization maintains its cash balances at several financial institutions' deposit accounts which, at times, may exceed limited set by the Federal Deposit Insurance Corporation (FDIC). Cash balances at the financial institutions are secured by the FDIC up to \$250,000. The Organization has also entered into repurchase agreements on certain bank accounts with a financial institution, to provide additional protection for the funds exceeding the FDIC coverage. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash accounts.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**Note 11 – Concentrations of Credit and Market Risk (Continued)**

The Organization's loan portfolio is regionally concentrated which makes the collection of notes receivable balances dependent upon the economic conditions of Texas.

At June 30, 2025, the Organization was scheduled to make \$4,915,289 in principal repayments on its outstanding notes payable during the year ending June 30, 2026. Based on its experience with collections on its loans receivable portfolio, The Organization believes that it is maintaining cash balances sufficient to cover all notes payable amounts due.

The Organization receives substantial funding through grants and contracts with governmental agencies. Concentrations of credit risk with respect to grants and contracts receivable are reduced due to the limited amount of credit risk exposure from government grants and contracts.

**Note 12 – Commitments and Contingencies**

The Organization's grant and contract programs are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Organization has no provision for the possible disallowance of program costs included in its financial statements.

**Note 13 – Evaluation of Subsequent Events**

The Organization adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 165, "Subsequent Events" (ASC 855), as of January 1, 2009. ASC 855 established new accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through October 30, 2025, the date on which the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**

**504-SPECIFIC INCOME AND EXPENSES**

**YEAR ENDED JUNE 30, 2025**

Revenue:	
Loan Application/Origination	\$ 1,800
Loans: Interest Income	7,423
Fee Income - Late Charges	-
Servicing fee Income - SBA 504 Loans	<u>138,557</u>
Total revenue	<u>147,780</u>
Expenses:	
Marketing, screening, packaging and processing:	
Staff expense	68,583
Other 504-related expenses:	
Repairs and maintenance	1,159
Marketing	3,846
Office supplies	6,788
Professional fees	7,006
Rent	21,380
Training and seminars	2,478
Utilities	<u>476</u>
Total expenses	<u>111,716</u>
Net 504 - specific income (loss)	<u><u>\$ 36,064</u></u>

See independent auditor's report.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS  
TEXAS COMMUNITY BUILDERS**  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2025

	Business and Community Lenders of Texas	Texas Community Builders	Intercompany Eliminations	<u>Total</u>
<b><u>Assets</u></b>				
Current assets				
Cash and cash equivalents:				
Unrestricted	\$ 10,186,565	\$ 4,602,658	\$ -	\$ 14,789,223
Restricted	819,355	331,537	-	1,150,892
Receivables:				
Accounts receivable	136,647	106,957	-	243,604
Accrued interest receivable	168,750	1,072	-	169,822
Prepaid expenses and deposits	57,912	27,028	-	84,940
Current portion of loans receivable	3,202,621	24,588	-	3,227,209
Intercompany due to/from	617,778	(617,778)	-	-
<b>Total current assets</b>	<b>15,189,628</b>	<b>4,476,062</b>	<b>-</b>	<b>19,665,690</b>
Other long-term assets				
Loans receivable, net of current portion	5,735,023	379,186	-	6,114,209
Programmatic loans receivable	468,792	-	-	468,792
Programmatic investments	2,500,000	-	-	2,500,000
Property held for resale and development costs	-	1,044,269	-	1,044,269
Right of use asset	278,000	-	-	278,000
Property and equipment, net	94,057	3,185,618	-	3,279,675
<b>Total assets</b>	<b>\$ 24,265,500</b>	<b>\$ 9,085,135</b>	<b>\$ -</b>	<b>\$ 33,350,635</b>
<b><u>Liabilities and Net Assets</u></b>				
Current liabilities				
Accounts payable	\$ 87,817	\$ -	\$ -	\$ 87,817
Accrued liabilities	132,410	12,223	-	144,633
Security deposits and escrow liabilities	-	25,939	-	25,939
Payable to participants	133,599	-	-	133,599
Current portion of operating lease liability	61,543	-	-	61,543
Current portion of long-term debt	4,766,907	148,382	-	4,915,289
<b>Total current liabilities</b>	<b>5,182,276</b>	<b>186,544</b>	<b>-</b>	<b>5,368,820</b>
Long-term liabilities				
Operating lease liability	216,457	-	-	216,457
Long-term debt, net of current portion	7,202,246	2,006,086	-	9,208,332
Less unamortized discount	(554,088)	(71,719)	-	(625,807)
<b>Total long-term liabilities</b>	<b>6,864,615</b>	<b>1,934,367</b>	<b>-</b>	<b>8,798,982</b>
<b>Total liabilities</b>	<b>12,046,891</b>	<b>2,120,911</b>	<b>-</b>	<b>14,167,802</b>
Net assets				
Without donor restrictions				
Unrestricted	9,681,773	6,598,363	-	16,280,136
Board designated	2,479,049	-	-	2,479,049
<b>Total net assets without donor restrictions</b>	<b>12,160,822</b>	<b>6,598,363</b>	<b>-</b>	<b>18,759,185</b>
With donor restrictions	57,787	365,861	-	423,648
<b>Total net assets</b>	<b>12,218,609</b>	<b>6,964,224</b>	<b>-</b>	<b>19,182,833</b>
<b>Total liabilities and net assets</b>	<b>\$ 24,265,500</b>	<b>\$ 9,085,135</b>	<b>\$ -</b>	<b>\$ 33,350,635</b>

See independent auditor's report

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025

	Business and Community Lenders of Texas	Texas Community Builders	Intercompany Eliminations	Total
<b>Revenus and other support:</b>				
Grants and contributions	\$ 755,075	\$ -	\$ -	\$ 755,075
Loan processing and closing fees	36,315	-	-	36,315
Loan servicing fees	150,557	-	(12,000)	138,557
Homebuyer counseling & education	53,519	-	-	53,519
Contract revenue	701,432	-	-	701,432
Loan interest income	792,050	18,860	-	810,910
Rental income	-	367,356	(164,010)	203,346
Bank interest income	228,479	98,870	-	327,349
Other income	43,936	(12,072)	-	31,864
<b>Total revenues and other support</b>	<b>2,761,363</b>	<b>473,014</b>	<b>(176,010)</b>	<b>3,058,367</b>
<b>Expenses:</b>				
Salaries	1,059,285	67,063	-	1,126,348
Payroll taxes and benefits	218,885	7,418	-	226,303
Board expense	11,944	-	-	11,944
Community loan center grant expense	168,333	-	-	168,333
Contributions	1,336,340	-	-	1,336,340
Customer reimbursement - legal	-	320	-	320
Depreciation	25,994	135,348	-	161,342
Insurance	45,403	30,989	-	76,392
Interest	348,202	98,169	-	446,371
Loan packaging	8,303	12,075	(12,000)	8,378
Marketing	91,816	3,442	-	95,258
Membership dues	58,368	402	-	58,770
Office and software expense	64,888	197	-	65,085
Professional services	311,732	55,570	-	367,302
Property taxes	10,451	33,423	-	43,874
Provision for loan losses	514,836	15,183	-	530,019
Rent	241,453	-	(164,010)	77,443
Repairs and maintenance	65,442	104,208	-	169,650
Telephone	15,340	840	-	16,180
Training, seminars and conferences	75,915	440	-	76,355
Travel	34,275	302	-	34,577
Utilities	11,257	39,797	-	51,054
Miscellaneous	16,833	330	-	17,163
<b>Total expenses</b>	<b>4,735,295</b>	<b>605,516</b>	<b>(176,010)</b>	<b>5,164,801</b>
<b>Change in net assets</b>	<b>(1,973,932)</b>	<b>(132,502)</b>	<b>-</b>	<b>(2,106,434)</b>
Net assets at beginning of year	14,192,541	7,096,726	-	21,289,267
<b>Net assets at end of year</b>	<b>\$ 12,218,609</b>	<b>\$ 6,964,224</b>	<b>\$ -</b>	<b>\$ 19,182,833</b>

See independent auditor's report

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*  
AND THE UNIFORM GUIDANCE**

# WEST, DAVIS & COMPANY, LLP

GARY W. DAVIS, C.P.A.  
ROBERT H. WEST, C.P.A.  
ROBERT H. WEST, JR., C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS  
8200 NORTH MO'PAC, SUITE 140  
AUSTIN, TEXAS 78759  
TELEPHONE 503-828-6650

gary@westdavis.com  
bob@westdavis.com  
rob@westdavis.com

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Business and Community Lenders of Texas  
Texas Community Builders  
Austin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Business and Community Lenders of Texas and Texas Community Builders (nonprofit corporations) (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 30, 2025.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*West, Davis & Company, LLP*

*Certified Public Accountants*

Austin, Texas

October 30, 2025

# WEST, DAVIS & COMPANY, LLP

GARY W. DAVIS, C.P.A.  
ROBERT H. WEST, C.P.A.  
ROBERT H. WEST, JR., C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS  
8200 NORTH MO PAC, SUITE 140  
AUSTIN, TEXAS 78759  
TELEPHONE 503-828-6650

gary@westdavis.com  
bob@westdavis.com  
rob@westdavis.com

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Business and Community Lenders of Texas  
Texas Community Builders  
Austin, Texas

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Business and Community Lenders of Texas and Texas Community Builders' (nonprofit corporations) (collectively, the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Organization's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*West, Davis & Company, LLP*

*Certified Public Accountants*

Austin, Texas

October 30, 2025

**BUSINESS AND COMMUNITY LENDERS OF TEXAS  
TEXAS COMMUNITY BUILDERS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>Neighborhood Reinvestment Corporation</u>		
Section 607(e) of the Neighborhood Reinvestment Corporation Act, as amended	99.U01	\$ 245,565
Total expendable grant funds		<u>245,565</u>
 <u>U.S. Department of Agriculture</u>		
Community Facilities - Loans	10.766	726,548
Intermediary Relending Program - Loans	10.767	2,016,094
Rural Microentrepreneur Assistance Program - Loans	10.870	<u>33,607</u>
Total U.S. Department of Agriculture		2,776,249
 <u>U.S. Small Business Administration:</u>		
Intermediary Lending Pilot Program - Loans	59.062	<u>426,678</u>
Total loans outstanding		<u>3,202,927</u>
Total Federal Expenditures		<u><u>\$ 3,448,492</u></u>

See accompanying notes to schedule of expenditures of federal awards.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS**  
**TEXAS COMMUNITY BUILDERS**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2025

**1. Basis of Presentation**

The accompanying schedule of federal awards includes the federal grant activity of Business and Community Lenders of Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

**2. Summary of Significant Accounting Policies**

Expenditures - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited to reimbursement.

Indirect Cost Rate – The Organization has not elected to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. Subrecipients**

Of the federal expenditures presented in this schedule, the Organization did not provide any federal awards to subrecipients.

**4. Nonmonetary Assistance**

The Organization neither received nor disbursed federal awards in the form of nonmonetary assistance during the fiscal year ended June 30, 2025.

**5. Loans and Loan Guarantees Outstanding**

In accordance with the *Uniform Guidance, §200.502 Basis for determining Federal awards expended*, since the federal government is at risk for loans and loan guarantees awarded until the debt is repaid, the amount to be presented as expenditures of federal awards for loans and loan guarantees awarded, including those awarded and expended in prior years that have continuing compliance requirements, is:

- (1) Value of new loans or loan guarantees made or received during the audit period; plus
- (2) Beginning of the audit period balance of loans and loan guarantees from previous years for which the federal government imposes continuing compliance requirements; plus
- (3) Any interest subsidy, cash, or administrative cost allowance received.

**BUSINESS AND COMMUNITY LENDERS OF TEXAS  
TEXAS COMMUNITY BUILDERS**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2025

**5. Loans and Loan Guarantees Outstanding (Continued)**

Accordingly, the Organization has reported loans and loan guarantees awarded in accordance with the aforementioned criteria. Amounts presented as expenditures of federal awards for loan and loan guarantee programs by federal assistance listing number are as follows:

	<u>10.766</u>	<u>10.767</u>	<u>10.870</u>	<u>59.062</u>
Value of new loans made	\$ -	\$ -	\$ -	\$ -
Value of new loan guarantees made	-	-	-	-
Loan balance, beginning of the year	<u>726,548</u>	<u>2,016,094</u>	<u>33,607</u>	<u>426,678</u>
Total expenditures of federal awards presented for loan and loan guarantee programs	<u>726,548</u>	<u>2,016,094</u>	<u>33,607</u>	<u>426,678</u>
Balance of loans and loan guarantees at June 30, 2025	<u>\$ 716,000</u>	<u>\$1,900,488</u>	<u>\$ 20,891</u>	<u>\$ 369,450</u>

**BUSINESS AND COMMUNITY LENDERS OF TEXAS  
TEXAS COMMUNITY BUILDERS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Section 1 - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued - **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified: \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified: \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for major programs - **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) OMB? \_\_\_\_\_ Yes      X   No

***Identification of Major Programs***

- 10.767 - U.S. Department of Agriculture Intermediary Relending Program
- 1. Dollar threshold used to distinguish between Type A and Type B programs - **\$750,000.**
- 2. Is the auditee qualified as a low-risk auditee under the Uniform Guidance - **Yes**

**Section 2 - Financial Statement Findings - None**

**Section 3 - Federal Award Findings and Questioned Costs - None**

**Section 4 - Prior Year Audit Findings - None**