

Strategic Housing Finance Corporation

Financial Statements

December 31, 2024

Strategic Housing Finance Corporation

Table of Contents
December 31, 2024

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Statement of Net Position	4
Statement of Revenues, Expenses and Change in Net Position	5
Statement of Cash Flow	6
Notes to Financial Statements	8

Independent Auditors' Report

To the Board of Directors of
Strategic Housing Finance Corporation

Adverse and Unmodified Opinions

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of Strategic Housing Finance Corporation as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Strategic Housing Finance Corporation's basic financial statements as listed in the table of contents.

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of Strategic Housing Finance Corporation, as of December 31, 2024, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Business-Type Activities

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Strategic Housing Finance Corporation as of December 31, 2024, and the changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Strategic Housing Finance Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for Strategic Housing Finance Corporation's legally separate aggregate discretely presented component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of Strategic Housing Finance Corporation unless Strategic Housing Finance Corporation also issues financial statements for the financial reporting entity that include the financial data for its discretely presented component units. Strategic Housing Finance Corporation has not issued such reporting entity financial statements. The effects of not including the legally separate component units on the aggregate discretely presented component units has not been determined.

Emphasis of Matter

As discussed in Note 1, Strategic Housing Finance Corporation adopted the provisions of GASB Statement No. 100, effective January 1, 2024. Our opinion is not modified with respect to this matter.

As discussed in Note 7 to the financial statements, net position as of December 31, 2023 has been restated to correct a material misstatement due to outstanding bond fees not being properly reported in the year they originally occurred. Our opinion is not modified with respect to this matter.

Other Matters

The financial statements of Strategic Housing Finance Corporation as of and for the year ended December 31, 2023, prior to restatement, were audited by other auditors whose report dated June 27, 2024, expressed an unmodified opinion on the business-type activities and a qualified opinion on the aggregate discretely presented component units because the financial statements did not include financial data for Strategic Housing Finance Corporation's legally separate discretely presented component units.

As part of the audit of the December 31, 2024 financial statements, we also audited the adjustment described in Note 7 that was applied to restate the December 31, 2023 financial statements. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the December 31, 2023 financial statements of Strategic Housing Finance Corporation other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the December 31, 2023 financial statements as a whole.

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 Strategic Housing Finance Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Strategic Housing Finance Corporation'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 Strategic Housing Finance Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Baker Tilly US, LLP

Milwaukee, Wisconsin
February 13, 2026

Strategic Housing Finance Corporation

Statement of Net Position

December 31, 2024

Assets

Current Assets

Cash:

Unrestricted	\$	1,289,983
Accounts receivable, net		1,383,723
Prepaid expenses		318

Total current assets 2,674,024

Noncurrent Assets

Long-term investments	16,407,774
Investment in joint venture	356,095
Capital assets:	
Furniture, equipment and right of use assets	50,907
Less accumulated depreciation/amortization	(29,925)

Total noncurrent assets 16,784,851

Total assets 19,458,875

Liabilities and Net Position

Current Liabilities

Accounts payable	19,829
Accrued wages	39,463
Other accrued liabilities	33,658
Grants payable	2,000,000
Compensated absences, current	29,954
Lease liability, current	20,443

Total current liabilities 2,143,347

Total liabilities 2,143,347

Net Position

Net investment in capital assets	539
Unrestricted	17,107,563

Total net position \$ 17,108,102

See notes to financial statements

Strategic Housing Finance Corporation

Statement of Revenues, Expenses and Change in Net Position

Year Ended December 31, 2024

Operating Revenues

Fee revenue and other income \$ 2,810,951

Total operating revenues 2,810,951

Operating Expenses

Administration 536,072

Contract services 670,821

Nonpersonnel 128,511

Travel and conference 17,522

Other program specific expenses 2,001,147

Depreciation and amortization 24,762

Other expenses 44,536

Total operating expenses 3,423,371

Operating income/(loss) (612,420)

Nonoperating Revenues (Expenses)

Investment income 464,151

Change in joint venture investment (288,905)

Sale and refinance distribution 8,053,428

Total nonoperating revenues (expenses) 8,228,674

Change in net position 7,616,254

Net Position, Beginning, as Previously Reported 8,425,013

Error correction 1,274,261

Net Position, Beginning, as Restated 9,699,274

Net Position, Ending \$ 17,315,528

See notes to financial statements

Strategic Housing Finance Corporation

Statement of Cash Flow

Year Ended December 31, 2024

Cash Flows From Operating Activities

Cash received from users	\$ 11,518,473
Cash paid to suppliers for goods and services	(838,988)
Cash paid to employees for services	(536,073)

Net cash flows from operating activities 10,143,412

Cash Flows From Investing Activities

Marketable securities purchased	(8,861,544)
Investment in fractional share of joint venture	(645,000)
Investment income	464,151

Net cash flows from investing activities (9,042,393)

Cash Flows From Capital and Related Financing Activities

Payments of lease principal	(24,523)
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Net cash flows from capital and related financing activities (24,523)

Net change in cash and cash equivalents 1,076,496

Cash and Cash Equivalents, Beginning 213,487

Cash and Cash Equivalents, Ending \$ 1,289,983

See notes to financial statements

Strategic Housing Finance Corporation

Statement of Cash Flow

Year Ended December 31, 2024

Schedule Reconciling Operating Income (Loss) to Net Cash Flows

From Operating Activities

Operating income (loss)	\$	(612,420)
Adjustments to reconcile net operating income to net cash, cash equivalents and restricted cash from operating activities:		
Depreciation and amortization expense		24,762
Nonoperating Income		8,053,428
Changes in assets and liabilities:		
Accounts receivable		654,094
Prepaid expenses and other assets		(318)
Accounts payable		15,263
Grants payable		2,000,000
Other current liabilities		8,603
		<hr/>
Net cash, cash equivalents and restricted cash from operating activities	\$	<u>10,143,412</u>

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position

Unrestricted cash	\$	<u>1,289,983</u>
Cash and Cash Equivalents, Ending	\$	<u><u>1,289,983</u></u>

See notes to financial statements

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

1. Summary of Organization, Significant Accounting Policies and Reporting Entity

Reporting Entity

The Strategic Housing Finance Corporation (SHFC) was formed under the Texas Housing Finance Corporation Act of Texas Local Government Code - Chapter 394. Corporations created under Chapter 394 are public instrumentalities performing essential government functions. A Texas Local Government Code Chapter 394 corporation can issue housing finance corporate bonds and notes. These are limited obligation bonds and notes that are only payable from pledged revenues derived from projects that are financed by such bonds.

The Board Members of SHFC (the Board of Directors) are appointed by the Judge and Commissioners of Travis County, Texas (the County). The Board of Directors has governance responsibility over all activities related to SHFC. The basic financial statements listed in the table of contents present SHFC (the primary government) and its component units (collectively the Organization), entities for which Strategic Housing Finance Corporation (the Organization) is considered to be financially accountable and which serve as SHFC's instruments to enhance its purpose to build and maintain affordable housing to low-income and moderate-income individuals and families.

A component unit is a legally separate entity for which the primary government is financially accountable. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, the primary government is financially accountable for a legally separate entity in the following circumstances:

- The primary government appoints a voting majority of the legally separate entity's governing body and (1) it is able to impose its will on that entity or (2) there is a potential for that entity to provide specific financial benefits to or impose specific financial burdens on, the primary government.
- The legally separate entity is fiscally dependent on and there is a potential for that entity to provide specific financial benefits to or impose specific financial burdens on, the primary government regardless of whether that legally separate entity has (1) a separate elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards* and Statement No. 14 and No. 61 of the *Government Accounting Standards Board, the Financial Reporting Entity*.

- The organization is legally separate (can sue and be sued in their own name);
- SHFC holds the corporate powers of the Organization;
- SHFC appoints a voting majority;
- SHFC is able to impose its will on the Organization;
- The Organization has the potential to impose a financial benefit/burden on the Organization;
or
- There is fiscal dependency by the Organization on SHFC.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

Based on the aforementioned criteria and the control and relationship between SHFC and the component units, SHFC has determined that the following entities are considered component units of SHFC and are required to be blended within the SHFC's financial statements.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the SHFC's Board of Directors or the component units provide services entirely to SHFC. These component units' funds are blended into those of the SHFC's by appropriate activity type to compose the primary government presentation.

<u>Name of Limited Liability Company</u>	<u>Partnership Name</u>
SHFC Cambridge Villas, L.L.C.	Cambridge Villas Apartments Limited Partnership
SHFCTC Parmer Place, L.L.C.	Pedcor Investments-2012-CXXX, L.P.
SHFC Parmer Land, L.L.C.	Pedcor Investments-2016-CLVIII, L.P.
SHFCTC PP II, L.L.C.	Pedcor Investments-2016-CLVIII, L.P.
SHFCTC Silver Springs, L.L.C.	SS Affordable Housing, L.P.
SHRCTC Forest Park, L.L.C.	FP Affordable Housing, L.P.
SHFC Paddock, L.L.C.	LDG Norwood, L.P.
SHFC CC Land, L.L.C.	Austin Colorado Creek Apartments, L.P.
Austin Colorado Creek GP, L.L.C.	Austin Colorado Creek Apartments, L.P.
SHFC Del Valle Land, L.L.C.	Del Valle 969 Apartments, Ltd.
SHFC DV GP, L.L.C.	Del Valle 969 Apartments, Ltd.
SHFCTC William Cannon, L.L.C.	Pedcor Investments-2012-CXXXI, L.P.
SHFC Creekview Land, L.L.C.	TX Creekview Austin, L.P.
SHFC Creekview Austin GP, L.L.C.	TX Creekview Austin, L.P.
SHFC Manor Land, L.L.C.	LDG Commons at Manor Village, L.P.
LDG Commons at Manor Village GP, L.L.C.	LDG Commons at Manor Village, L.P.
SHFC Manchaca Land, L.L.C.	LDG Manchaca Commons, L.P.
SHFCTC GP Manchaca, L.L.C.	LDG Manchaca Commons, L.P.
SHFC Braker Lane Land L.L.C.	Braker PropCo, L.L.C.
SHFC Braker Lane MM L.L.C.	Braker PropCo, L.L.C.
SHFC Austin Manor Land, L.L.C.	TX Austin Manor, L.P.
TX Austin Manor GP, L.L.C.	TX Austin Manor, L.P.
SHFC Lakeway Land, L.L.C.	TX Lakeway Apartments, L.P.
TX Lakeway Apartments GP, L.L.C.	TX Lakeway Apartments, L.P.
SHFC DL Land, L.L.C.	Decker Lofts Ltd.
SHFC DL GP, L.L.C.	Decker Lofts Ltd.
SHFC Yager Land, L.L.C.	ECG Yager, L.P.
SHFC Yager GP, L.L.C.	ECG Yager, L.P.
SHFC Wildhorse Land, L.L.C.	ECG Wildhorse, L.P.
SHFC Wildhorse GP, L.L.C.	ECG Wildhorse, L.P.
SHFC Santiago Land, L.L.C.	Pedcor Investments-2021-CLXXXIII, L.P.
SHFC Santiago GP, L.L.C.	Pedcor Investments-2021-CLXXXIII, L.P.
SHFC Fiskville Land, L.L.C.	Villages at Fiskville, L.P.
SHFC Fiskville GP, L.L.C.	Villages at Fiskville, L.P.
SHFC Daffan Land, L.L.C.	ECG Daffan, L.P.
SHFC Daffan GP, L.L.C.	ECG Daffan, L.P.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

<u>Name of Limited Liability Company</u>	<u>Partnership Name</u>
SHFC Blue Ridge Land, L.L.C.	SHFC Blue Ridge, L.P.
SHFC Blue Ridge GP, L.L.C.	SHFC Blue Ridge, L.P.
TX Parmer Austin CCF GP, L.L.C.	None
SHFC Parmer/Boyce Land L.L.C.	None
SHFC Rundberg GP, L.L.C.	None
SHFC Loyola GP, L.L.C.	None
SHFC Frontier Valley GP, L.L.C.	None
SHFC Frontier Valley Land, L.L.C.	None
SHFC Burleson GP, L.L.C.	None
SHFC Burleson Land, L.L.C.	None

Each limited liability company, as the general partner of the respective limited partnership, has the duty to use its best efforts to ensure that the limited partnership qualifies for the maximum lawful low-income housing tax credits (LIHTC). SHFC, as the sole member of the limited liability companies, shall not be liable for the debts, obligations or liabilities of the limited liability companies per the limited liability companies' Regulation or the Company Agreement, as amended (see Note 10).

Separately issued financial statements with year-end at December 31, 2024, for A.T. South First-Slaughter, L.P., Cambridge Villas Apartment, L.P., Del Valle 969 Apartments, Ltd., FP Affordable Housing, L.P., LDG Manchaca Commons, L.P., LDG Norwood, L.P., Parker Lane Senior Apartments, L.P., Pedcor Investments-2012-CXXX, L.P., Pedcor Investments-2016-CLVIII, L.P., SS Affordable Housing, L.P., Austin Colorado Creek Apartments, L.P. and TX Creekview Austin, L.P., may be obtained at SHFC's administrative office located at 1033 La Posada Drive, Suite 180, Austin, Texas 78752. There are no separate financial statements issued for other limited partnerships listed above as of and for the year ended December 31, 2024.

Discretely Presented Component Units

Austin Colorado Creek GP, L.L.C., (ACC GP) with its sole member being SHFC, is the general partner of Austin Colorado Creek Apartments, L.P., (ACC Partnership) with 0.005% ownership interest. ACC GP has made certain guarantees on behalf of the ACC Partnership. As a result, ACC Partnership is a discretely presented component unit of SHFC.

Austin Colorado Creek Apartments, L.P., was formed as a Texas limited partnership in November of 2015, for the purpose of acquiring, constructing and operating a rental housing project using tax exempt bonds and tax credits under Section 42. The ACC Partnership consists of 264 units located in Del Valle, Texas and will operate under the name of Colorado Creek Apartments (ACC). Operating profits, losses and federal low-income housing tax credits are allocated in accordance with a Limited Partnership Agreement dated March 31, 2016. ACC is situated on 11.861 acres of land and is leased from SHFC under a 99-year ground lease.

SHFC has excluded its discretely presented component units from the Organization's financial statements as of and for the year ended December 31, 2024.

Basis of Presentation, Basis of Accounting and Measurement Focus

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This standard was implemented January 1, 2024.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented January 1, 2024. The impact of implementation was not material.

Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Net Position

GASB No. 34 requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- **Net Investment in Capital Assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** - this component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is SHFC's policy to use restricted resources first, then unrestricted resources as they are needed.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of SHFC are charges to customers for developer related fees, land leases and other management fees. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenue Recognition

Bonds Annual Administrative Fees

A trust indenture is entered into when a bond is issued. Bonds annual administrative fees are recorded as earned in accordance with the underlying trust indenture.

Bond Closing Fees

SHFC records the bond closing fees at the time the bond closes with the respective borrower through a title company.

Bond Redemption Fees

SHFC records the bond redemption fees at the time the bond is redeemed.

Bond Application Fees

SHFC records the bond application fees at the time the application for the issuance of the bond is submitted.

Incentive and Partnership Management Fees

The Organization records the incentive management and partnership management fees in accordance with the respective underlying incentive/partnership management and partnership agreements. The incentive management and partnership management fees are to be paid from the net cash flows as defined by the respective underlying agreement (see Note 10). As a result, the Organization records the incentive management and partnership management fees when payments are received.

Developer Fees

The Organization records developer fees in accordance with the underlying development and partnership agreement. Developer fees are to be paid from the net cash flows as defined by the development agreement (see Note 10). As a result, the Organization records developer fees when payments are received.

Cash and Investments

SHFC's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments in TexPool have readily determinable fair values and are stated at fair value.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

Investment in Joint Venture

SHFC has entered an agreement as the "general partner" of the A.T. South First Slaughter, LP property in May 2024 which is accounted for as an investment in joint venture under the equity method. The initial investment cost was \$645,000. SHFC recognizes its share of the operating results of the general partnerships based on its ownership share in the general partnerships in accordance with the general partnership agreements.

Under this method, the investment is initially recorded at cost and then increased or decreased by the proportionate share of the general partnerships' net earnings or losses, additional investments and for cash distributions from the general partnerships. SHFC recognized a decrease in the investment in the amount of \$288,905 during 2024.

The separately issued financial statements for A.T. South First Slaughter, LP can be available by reaching out to Strategic Housing Finance Corporation at 1033 La Posada Drive, Suite 180 Austin, TX 78752.

Accounts Receivable

The allowance of doubtful accounts for accounts receivable - related party and notes receivable - related party is estimated and recorded based on the Organization's historical bad debt experience and management's judgment.

Capital Assets and Depreciation

Capital assets (including right-to-use lease assets) are stated at historical cost. Donated capital assets are stated at their estimated acquisition value on the date donated. This includes furniture and equipment. Depreciation and amortization of exhaustible capital assets used by proprietary funds is charged as an expense against operations and accumulated depreciation and amortization is reported on the statement of net position. If the initial cost of a piece of equipment and/or other personal property is three thousand dollars (\$3,000) or more and the anticipated life or useful value of said equipment or property is more than one (1) year, the purchased property/equipment will be capitalized and recorded as non-expendable equipment.

The estimated useful lives for each major class of depreciable capital assets are as follows:

	<u>Years</u>
Furniture and equipment	3-10

Lease assets are typically amortized over the lease term.

Grant Payable

SHFC has created a grant program in order to provide additional support for households that were tenants at Rosemont at Oak Valley housing property when SHFC sold the Rosemont property. The grant payable balance in the financial statements is the amount that was included in the grant agreement and due as of year end.

Leases

SHFC is a lessee because it leases capital assets from other entities. As a lessee, SHFC reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) in the financial statements. SHFC has a policy to recognize leases over \$3,000 as a lease liability and intangible capital asset.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

Compensated Absences

Compensated absences are absences for which an employee will be paid, i.e., sick leave, vacation and other approved leaves. SHFC accrues the liability for those absences as the employee earns the right to the benefits. Accrued amounts are based on the current salary rates, excluding bonuses.

Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Organization. Employees also earn annual sick leave at established rates. Vacation and sick leave pay are recorded as an expense and related liability in the year earned by employees.

Income Taxes

SHFC is a special-purpose governmental entity and is not subject to federal or state income taxes. However, some of the blended component units are subject to federal income tax and state franchise tax.

Fair Market Value

Accounting pronouncements define fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. These pronouncements established a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The estimated fair value of SHFC's financial instruments has been determined by management, using available market information. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the fair values are not necessarily indicative of the amounts that SHFC could be realized in a current market exchange. The use of different market assumptions may have a material effect on the estimated fair value amounts.

The carrying amounts of cash and cash equivalents, receivables, payables and accrued liabilities are a reasonable estimate of their fair value, due to their short-term nature and method of computation.

All financial assets that are measured at fair value on a recurring basis (at least annually) have been segregated into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. All of SHFC's investments consist of investments in the TexPool Prime investment portfolio which are valued using Level 2 inputs.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

Subsequent Events

Management evaluated the activity of SHFC through February 13, 2026, (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statement.

2. Cash and Cash Equivalents

At the year ended December 31, 2024, SHFC's deposits amounted to \$1,289,983. Of the bank balances held in various financial institutions, \$250,000 was covered by federal depository insurance and the deposits may exceed FDIC insurance at times. All funds over the \$250,000 covered by the FDIC are collateralized by the bank.

Investments

Investments consist of investments in the TexPool investment portfolio and Certificates of Deposit. TexPool is managed conservatively to provide a safe, efficient and liquid investment alternative to Texas governments. The pools seek to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act. TexPool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities and AAA-rated Money Market funds.

TexPool is rated AAA by Standard & Poor's, the highest rating a local government investment pool can achieve. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool, like its participants, is governed by the Texas Public Funds Investment Act and is in full compliance with the Act.

Risks

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, SHFC typically limits its investment portfolio to maturities of 12 months or less. SHFC has no specific policy regarding interest rate risk.

Credit Risk: SHFC's policy does not address credit risk. SHFC's investments consist of investments in TexPool. SHFC's investments in the TexPool investment pool carried a credit rating of AAA by Standard & Poor's as of the year ended December 31, 2024.

Custodial Credit Risk: This is the risk that in the event of a bank or other financial institution failure, SHFC's deposits and investments may not be returned to it. As of December 31, 2024, investments in TexPool investment pool deposits were fully collateralized with securities held by the pledging financial institution in the Organization's name.

Cash and cash equivalents were comprised of the following as of the year ended December 31, 2024:

Unrestricted:	
Checking and money market accounts	<u>\$ 1,289,983</u>
Total cash and cash equivalents	<u>\$ 1,289,983</u>
Long-term investments:	
Texpool Prime	<u>\$ 16,407,774</u>

Strategic Housing Finance Corporation

Notes to Financial Statements
December 31, 2024

3. Accounts Receivable

Accounts receivable at the year ended December 31, 2024, consisted of the following:

Related-party receivables	\$ 1,383,723
Accounts receivable, net	<u>\$ 1,383,723</u>

4. Capital Assets

A summary of changes in capital assets were as follows:

	<u>Balance at January 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2024</u>
Capital assets being depreciated / amortized:				
Furniture and equipment	\$ 5,940	\$ -	\$ -	\$ 5,940
Right of use assets, building	<u>-</u>	<u>44,967</u>	<u>-</u>	<u>44,967</u>
Total assets depreciated	<u>5,940</u>	<u>44,967</u>	<u>-</u>	<u>50,907</u>
Less accumulated depreciation / amortization:				
Furniture and equipment	(5,163)	(777)	-	(5,940)
Right of use assets, building	<u>-</u>	<u>(23,985)</u>	<u>-</u>	<u>(23,985)</u>
Net capital assets being depreciated	<u>(5,163)</u>	<u>(24,762)</u>	<u>-</u>	<u>(29,925)</u>
Capital assets, net	<u>\$ 777</u>	<u>\$ 20,205</u>	<u>\$ -</u>	<u>\$ 20,982</u>

5. Other Noncurrent Liabilities

The following is a summary of the activity for noncurrent liabilities for the year ended December 31, 2024:

	<u>Balance at January 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2024</u>
Compensated absences *	\$ 31,728	\$ -	\$ 1,774	\$ 29,954
Lease liability	<u>-</u>	<u>44,967</u>	<u>24,524</u>	<u>20,443</u>
Total	<u>\$ 31,728</u>	<u>\$ 44,967</u>	<u>\$ 26,298</u>	<u>\$ 50,397</u>

The total compensated absences balance of \$29,954 and total lease liability balance of \$20,443 is expected to be used within one year.

* The change in compensated absences liability is presented as a net of change.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

6. Lease Disclosures

Lessee - Leases Payable

In June 2024, SHFC entered into a 13-month lease as lessee for the use of office space. An initial lease liability was recorded in the amount of \$44,967. As of December 31, 2024, the value of the lease liability is \$20,443. SHFC is required to make monthly fixed payments totaling \$3,623. The lease has an interest rate of 5.14%. The office space's estimated useful life was 13 months as of the contract commencement. The value of the right to use asset as of December 31, 2024 of \$44,967 with accumulated amortization of \$23,985 is included in lease assets in the capital assets footnote.

Principal and interest payments expected to maturity are:

<u>Fiscal Years</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 20,443	\$ 297	\$ 20,740
Total	\$ 20,443	\$ 297	\$ 20,740

7. Error Corrections

Correction of Errors (See Restatement Below)

During 2024, management identified an error in the recorded balance of bond revenues relating to 2023. Yearly, Strategic Housing Finance Corporation receives bond fees from each partnership they administer bonding for. In 2024, there were 3 partnerships noted that had outstanding bond fees from years prior to 2024. SHFC had not recorded these bond fee revenues during the year in which they occurred as appropriate.

Restatements of Beginning Balances

During fiscal year 2024, error corrections resulted in restatements of beginning net position as follows:

	<u>December 31, 2023 as Previously Reported</u>	<u>Error Correction</u>	<u>December 31, 2023 as Restated</u>
SHFC	\$ 8,425,013	\$ 1,274,261	\$ 9,699,274

8. Commitments and Contingencies

From time to time, SHC is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and SHFC's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on SHFC's financial position or results of operations.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

9. Risk Management

SHFC is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets, errors and omissions, workers compensation and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

10. Related-Party Transactions

Investments by the Organization in the limited partnerships are summarized as follows:

Cambridge Villas Apartments, L.P.

Cambridge Villas Apartments Limited Partnership (Cambridge Partnership) was organized in October 2005, as a Texas limited partnership and has received allocations of LIHTC through TDHCA, pursuant to IRC Section 42, for the purpose of acquiring, constructing and operating a 208-unit multifamily residential rental project in Pflugerville, Texas, known as Cambridge Villas Apartments.

SHFC Cambridge Villas, L.L.C., (Cambridge L.L.C.) a Texas limited liability company, is the general partner of Cambridge Partnership with 0.01% ownership. Accordingly, 0.01% of profits and losses from operations of Cambridge Partnership are allocated to Cambridge L.L.C.

A.T. South First-Slaughter, L.P.

A.T. South First-Slaughter, L.P., (Southpark Partnership) was organized in March 2006, as a Texas limited partnership and has received allocations of LIHTC through Texas Department of Housing and Community Affairs (TDHCA), pursuant to Internal Revenue Code Section 42 (IRC Section 42), for the purpose of acquiring, constructing and operating a 192- unit multifamily residential rental project in Austin, Texas, known as Southpark Apartments.

SHFC Southpark, L.L.C., (Southpark L.L.C.) a Texas limited liability company is the general partner of Southpark Partnership with 0.01% ownership. Accordingly, 0.01% of profits and losses from operations of Southpark Partnership are allocated to Southpark L.L.C.

On July 17, 2024, SHFC Southpark Investor, LLC, an affiliate entity of the Corporation, was admitted as the Investor Limited Partner in A.T. South First-Slaughter, L.P. (the Partnership) pursuant to an Assignment and Assumption Agreement with 99.89% ownership. Accordingly, 99.89% of profits and losses from operations of Southpark Partnership are allocated to SHFC Southpark Investor, LLC.

FP Affordable Housing, L.P.

FP Affordable Housing, L.P., (Forest Partnership) was organized in March 2006, as a Texas limited partnership and has received allocations of LIHTC through TDHCA, pursuant to IRC Section 42, for the purpose of acquiring, constructing and operating a 228-unit multifamily residential rental project in Austin, Texas, known as Forest Park Apartments.

SHFCTC Forest Park, L.L.C., (Forest L.L.C.) a Texas limited liability company, is the general partner of Forest Partnership with 0.004% ownership. Accordingly, 0.004% of profits and losses from operations of Forest Partnership are allocated to Forest L.L.C.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

SS Affordable Housing, L.P.

SS Affordable Housing, L.P., (Silver Springs Partnership) was organized in June 2012, as a Texas limited partnership and has received allocations of LIHTC through TDHCA, pursuant to IRC Section 42, for the purpose of acquiring, constructing and operating a 360-unit multifamily residential rental project in Austin, Texas, known as Silver Springs Apartments.

SHFCTC Silver Springs, L.L.C., (Silver Springs L.L.C.) a Texas limited liability company is the general partner of Silver Springs Partnership with 0.004% ownership. Accordingly, 0.004% of profits and losses from operations of Silver Springs Partnership are allocated to Silver Springs L.L.C.

Pedcor Investments-2012-CXXX, L.P.

Pedcor Investments-2012-CXXX, L.P., (Parmer Place Partnership) was organized in September 2012, as a Texas limited partnership and has received allocations of LIHTC through TDHCA, pursuant to IRC Section 42, for the purpose of acquiring, constructing and operating a 252-unit multifamily residential rental project in Austin, Texas, known as Heights on Parmer Apartments.

SHFCTC Parmer Place, L.L.C., (Parmer Place L.L.C.) a Texas limited liability company is the general partner of Parmer Place Partnership with 0.005% ownership. Accordingly, 0.005% of profits and losses from operations of Parmer Place Partnership are allocated to Parmer Place L.L.C.

Pedcor Investments-2012-CXXXI, L.P.

Pedcor Investments-2012-CXXXI, L.P., (William Cannon Partnership) was organized in September 2012, as a Texas limited partnership and has received allocations of LIHTC through TDHCA, pursuant to IRC Section 42, for the purpose of acquiring, constructing and operating a 252-unit multifamily residential rental project in Austin, Texas, known as William Cannon Apartments.

SHFCTC William Cannon, L.L.C., (William Cannon L.L.C.) a Texas limited liability company is the general partner of William Cannon Partnership with 0.005% ownership. Accordingly, 0.005% of profits and losses from operations of William Cannon Partnership are allocated to William Cannon L.L.C.

LDG Norwood, L.P.

LDG Norwood, L.P., (Norwood Partnership) was organized in February 2013, as a Texas limited partnership and has received allocations of LIHTC through TDHCA, pursuant to IRC Section 42, for the purpose of acquiring, constructing and operating a 228-unit multifamily residential rental project in Austin, Texas, known as Paddock at Norwood.

SHFC Paddock, L.L.C., (Norwood L.L.C.) a Texas limited liability company is the general partner of Norwood Partnership with 0.01% ownership. Accordingly, 0.01% of profits and losses from operations of Norwood Partnership are allocated to Norwood L.L.C.

Austin Colorado Creek, L.P.

Austin Colorado Creek Apartments, L.P., (ACC Partnership) was organized in November 2015, as a Texas limited partnership and receives allocations of LIHTC through TDHCA, pursuant to IRC Section 42 for the purpose of acquiring, constructing and operating a 240-unit multifamily residential rental project to be known as Colorado Creek Apartments and located in Austin, Texas.

SHFC GP Austin Colorado Creek, L.L.C., (Austin Colorado Creek L.L.C.) a Texas limited liability company is the general partner of ACC Partnership with 0.0025% ownership. Accordingly, 0.0025% of profits and losses from operations of ACC Partnership are allocated to Austin Colorado Creek L.L.C.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

Pedcor Investments-2016-CLVIII, L.P.

Pedcor Investments-2016-CLVIII, L.P., (Parmer Heights II Partnership) was organized in September 2016, as a Texas limited partnership and has received allocations of LIHTC through TDHCA, pursuant to IRC Section 42, for the purpose of acquiring, constructing and operating an 80-unit multifamily residential rental project in Austin, Texas, known as Heights on Parmer Phase Two Apartments.

Heights on Parmer Phase Two, L.L.C., (Parmer Heights II L.L.C.) a Texas limited liability company is the general partner of Parmer Heights II Partnership with 0.005% ownership. Accordingly, 0.005% of profits and losses from operations of Parmer Heights II Partnership are allocated to Parmer Heights II L.L.C.

Del Valle 969 Apartments, Ltd.

Del Valle 969 Apartments, Ltd., (Del Valle Partnership) was organized in November 2016, as a Texas limited partnership and has received allocations of LIHTC through TDHCA, pursuant to IRC Section 42, for the purpose of acquiring, constructing and operating a 302-unit multifamily residential rental project in Austin, Texas, known as Del Valle Apartments.

SHFC DV GP L.L.C., (Del Valle L.L.C.) a Texas limited liability company is the general partner of Del Valle Partnership with 0.0051% ownership. Accordingly, 0.0051% of profits and losses from operations of Del Valle Partnership are allocated to Del Valle L.L.C.

LDG Manchaca Commons, L.P.

LDG Manchaca Commons, L.P., (Manchaca Partnership) was organized in May 2017, as a Texas limited partnership and has received allocations of LIHTC through TDHCA, pursuant to IRC Section 42, for the purpose of acquiring, constructing and operating a 240-unit multifamily residential rental project in Austin, Texas, known as Manchaca Commons.

SHFCTC GP Manchaca, L.L.C., (Manchaca L.L.C.) a Texas limited liability company is the general partner of Manchaca Partnership with 0.01% ownership. Accordingly, 0.01% of profits and losses from operations of Manchaca Partnership are allocated to Manchaca L.L.C.

TX Creekview Austin, L.P.

TX Creekview Austin, L.P., (Creekview Partnership) was organized in June 2017, as a Texas limited partnership and receives allocations of LIHTC through TDHCA, pursuant to IRC Section 42 for the purpose of acquiring, constructing and operating a 264-unit multifamily residential rental project to be known as Austin Creekview Apartments and located in Austin, Texas.

SHFC Creekview Austin GP, L.L.C., (TX Creekview Austin L.L.C.) a Texas limited liability company is the general partner of Creekview Partnership with 0.0025% ownership. Accordingly, 0.0025% of profits and losses from operations of Creekview Partnership are allocated to TX Creekview Austin L.L.C.

LDG Commons at Manor Village, L.P.

LDG Commons at Manor Village, L.P., (Commons at Manor Partnership) was organized in November 2018, as a Texas limited partnership and receives allocations of LIHTC through TDHCA, pursuant to IRC Section 42 for the purpose of acquiring, constructing and operating a 172-unit multifamily residential rental project to be known as Commons at Manor Village Apartments and located in Travis County, Texas.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

LDG Commons at Manor Village GP, L.L.C., (Commons at Manor L.L.C.) a Texas limited liability company is the general partner of Commons at Manor Partnership with 0.01% ownership. Accordingly, 0.01% of profits and losses from operations of Commons at Manor Partnership are allocated to Commons at Manor L.L.C.

TX Lakeway Apartments, L.P.

TX Lakeway Apartments L.P., (Lakeway Partnership) was organized in June 2019, as a Texas limited partnership and receives allocations of LIHTC through TDHCA, pursuant to IRC Section 42 for the purpose of acquiring, constructing and operating a 180-unit multifamily residential rental project to be known as Lakeway Apartment Homes and located in Travis County, Texas.

TX Lakeway Apartments GP, L.L.C., (TX Lakeway Apartments L.L.C.) a Texas limited liability company is the general partner of Lakeway Partnership with 0.0025% ownership. Accordingly, 0.0025% of profits and losses from operations of Lakeway Partnership are allocated to TX Lakeway Apartments L.L.C.

Decker Lofts, Ltd.

Decker Lofts, Ltd., (Decker Partnership) was organized in December 2019, as a Texas limited partnership and receives allocations of LIHTC through TDHCA, pursuant to IRC Section 42 for the purpose of acquiring, constructing and operating a 262-unit multifamily residential rental project to be known as Decker Lofts and located in Austin, Texas.

SHFC DL GP, L.L.C., a Texas limited liability company, is the general partner of Decker Partnership with 0.0051% ownership. Accordingly, 0.0051% of profits and losses from operations of Decker Partnership are allocated to SHFC DL GP L.L.C.

TX Austin Manor, L.P.

TX Austin Manor, L.P., (Austin Manor Partnership) was organized in January 2020, as a Texas limited partnership and receives allocations of LIHTC through TDHCA, pursuant to IRC Section 42 for the purpose of acquiring, constructing and operating a 280-unit multifamily residential rental project to be known as Austin Manor Apartments and located in Austin, Texas.

TX Austin Manor GP, L.L.C., (Austin Manor L.L.C.) a Texas limited liability company is the general partner of Austin Manor Partnership with 0.0025% ownership. Accordingly, 0.0025% of profits and losses from operations of Austin Manor Partnership are allocated to Austin Manor L.L.C.

ECG Wildhorse, L.P.

ECG Wildhorse, L.P., (Wildhorse Partnership) was organized in July 2020, as a Texas limited partnership and receives allocations of LIHTC through TDHCA, pursuant to IRC Section 42 for the purpose of acquiring, constructing and operating a 310-unit multifamily residential rental project to be known as Wildhorse Flats Apartments and located in Travis County, Texas.

SHFC Wildhorse GP, L.L.C., (Wildhorse L.L.C.) a Texas limited liability company is the general partner of Wildhorse Partnership with 0.0051% ownership. Accordingly, 0.0051% of profits and losses from operations of Wildhorse Partnership are allocated to Wildhorse L.L.C.

ECG Yager, L.P.

ECG Yager, L.P., (Yager Partnership) was organized in August 2021, as a Texas limited partnership and receives allocations of LIHTC through TDHCA, pursuant to IRC Section 42 for the purpose of acquiring, constructing and operating a 300-unit multifamily residential rental project to be known as Yager Flats and located in Austin, Texas.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

SHFC Yager GP, L.L.C., (Yager L.L.C.), a Texas limited liability company is the general partner of Yager Partnership with 0.0046% ownership. Accordingly, 0.0046% profits and losses from operations of Yager Partnership are allocated to Yager L.L.C.

Pedcor Investments-2021-CLXXXIII, L.P.

Pedcor Investments-2021-CLXXXIII, L.P., (Santiago Partnership) was organized in March 2021, as a Texas limited partnership and has received allocations of LIHTC through TDHCA, pursuant to IRC Section 42, for the purpose of acquiring, constructing and operating a 300-unit multifamily residential rental project in Travis County, Texas, known as Santiago Estates.

SHFC Santiago GP, L.L.C., (Santiago L.L.C.), a Texas limited liability company, is the general partner of Santiago Partnership with 0.005% ownership. Accordingly, 0.005% of profits and losses from operations of Santiago Partnership are allocated to Santiago L.L.C.

Villages at Fiskville, L.P.

Villages at Fiskville, L.P., (Fiskville Partnership) was organized in October 2016, as a Texas limited partnership and has received allocations of LIHTC through TDHCA, pursuant to IRC Section 42, for the purpose of acquiring, constructing and operating a 172-unit multifamily residential rental project in Travis County, Texas, known as Villages at Fiskville.

SHFC Fiskville GP, L.L.C.,(Fiskville LLC), a Texas limited liability company, is the general partner of Fiskville Partnership with 0.01% ownership. Accordingly, 0.01% of profits and losses from operations of Fiskville Partnership are allocated to Fiskville L.L.C.

ECG Daffan, L.P.

ECG Daffan, L.P., (Daffan Partnership) was organized in January 2023 as a Texas limited partnership and has received allocations of LIHTC through TDHCA, pursuant to IRC Section 42, for the purpose of acquiring, constructing and operating a 247-unit multifamily residential rental project in Travis County, Texas, known as Daffan Flats.

SHFC Daffan GP, L.L.C., (Daffan LLC), a Texas limited liability company, is the general partner of Daffan Partnership with 0.0046% ownership. Accordingly, 0.0046% of profits and losses from operations of Daffan Partnership are allocated to Daffan L.L.C.

Braker PropCo, LLC

Braker PropCo, LLC was organized in June 2022 as a Delaware limited liability company to acquire, construct and operate the Banyan Braker Lane Apartments, a 214-unit multifamily residential rental project in Travis County, Texas. The project is structured as a workforce housing transaction and is not subject to IRC Section 42 LIHTC requirements.

SHFC Braker Lane MM, LLC, a Texas limited liability company wholly owned by Strategic Housing Finance Corporation of Travis County (SHFC), serves as managing member of Braker PropCo Holdings, LLC with 0.009% ownership. Accordingly, 0.009% of profits and losses from operations of Braker PropCo, LLC are allocated to SHFC Braker Lane MM, LLC.

ECG Blue Ridge, LP

ECG Blue Ridge, L.P., (Blue Ridge Partnership) was organized in July 2023 as a Texas limited partnership and has received allocations of LIHTC through TDHCA, pursuant to IRC Section 42, for the purpose of acquiring, constructing and operating a 321-unit multifamily residential rental project in Travis County, Texas, known as Blue Ridge Flats.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

SHFC Blue Ridge GP, L.L.C., (Blue Ridge LLC), a Texas limited liability company, is the general partner of Blue Ridge Partnership with 0.00225% ownership. Accordingly, 0.00225% of profits and losses from operations of Blue Ridge Partnership are allocated to Blue Ridge L.L.C.

Revenues Earned by General Partner

SHFC or its blended component units as the general partners of the respective limited partnerships are entitled to receive certain fees through sub-development agreements or as defined by the respective limited partnership agreement. Certain fees are dependent on net cash flow and may be cumulative or non-cumulative. On certain partnerships, SHFC also entered into a construction agreement, with SHFC earning a construction management fee. Certain nonoperating revenues that SHFC receives are from the refinancing and sales of interest in partnerships. During the year ended December 31, 2024, the Organization received fees payments from the respective partnerships as follows:

<u>SHFC Revenues by Partnership</u>	<u>Revenue</u>	<u>Fee Description</u>
Braker PropCo, LLC	\$ 390,746	Developer fees
Decker Lofts, Ltd.	149,783	Management fees
Del Valle 969 Apartments, Ltd.	28,757	Bond issuer fees
		Construction admin fees, bond issuer fees
ECG Blue Ridge, L.P.	536,437	Construction admin fees
ECG Daffan, L.P.	207,425	Construction admin fees, application fees
ECG Yager, L.P.	150,680	Management fees, bond issuer fee, sales distribution
FP Affordable Housing, L.P.	8,072,503	Bond issuer fees
LDG Commons at Manor Village, L.P.	18,315	Developer fees, cash flow distribution
LDG Manchaca Commons, L.P.	266,409	Management fees, bond issuer fees
LDG Norwood, L.P.	116,911	Cash flow distribution, developer fees, bond issuer fees
Pedcor Investments-2012-CXXX, L.P.	85,356	Developer fees, cash flow distribution
Pedcor Investments-2012-CXXXI, L.P.	488,086	Management fees
SS Affordable Housing, L.P.	161,298	Bond issuer fees
TX Austin Manor, L.P.	45,000	Bond issuer fees
TX Creekview Austin, L.P.	28,500	Bond issuer fees
TX Lakeway Apartments, L.P.	30,000	Bond issuer fees
Total	<u>\$ 10,776,206</u>	

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

Land Lease

SHFC entered into ground lease agreements with certain partnerships for the lease of the land to construct and operate rental projects, comprised of rental units. SHFC was given title to the land by these partnerships, but the partnerships retained certain rights, such as right to use, right to sale and to operate the affordable housing development on the land. Based on the guidance from GASB, the value of the land value will be recognized if and when the full rights are available to SHFC. The terms of the ground lease and the value of the land lease are listed below.

Partnership Name	Ground Lease Commencement	Land Lease Length	Land Lease Value
Cambridge Villa Apts, L.P.	10/01/2005	75	\$ 1,863,282
A.T. South First - Slaughter, L.P.	12/01/2006	75	2,010,000
Pedcor Investments-2016-CLVIII, L.P.	11/01/2017	99	550,000
SS Affordable Housing, L.P.	08/01/2013	75	3,780,000
FP Affordable Housing, L.P.	12/01/2024	75	2,000,000
LDG Norwood, L.P.	06/01/2013	75	2,547,588
Austin Colorado Creek Apartments, L.P.	03/01/2016	99	1,900,000
Del Valle 969 Apartments, Ltd.	07/01/2018	99	1,799,250
Pedcor Investments-2012-CXXXI, L.P.	09/01/2014	99	3,350,000
TX Creekview Austin, L.P.	06/01/2017	99	2,000,000
LDG Commons at Manor Village, L.P.	11/01/2018	75	1,131,253
LDG Manchaca Commons, L.P.	04/01/2019	75	2,506,130
Braker PropCo, L.L.C.	10/01/2024	99	7,967,458
TX Austin Manor, L.P.	01/01/2020	75	3,735,000
TX Lakeway Apts, L.P.	07/01/2019	99	2,265,000
Decker Lofts Ltd.	12/01/2019	99	3,260,000
ECG Yager, L.P.	08/01/2021	99	1,938,350
ECG Wildhorse, L.P.	01/01/2021	99	2,920,202
Pedcor Investments-2021-CLXXXIII, L.P.	11/01/2023	99	9,500,000
Villages at Fiskville, L.P.	04/01/2022	75	1,139,268
ECG Daffan, L.P.	11/01/2023	99	3,713,590
ECG Blue Ridge, L.P.	03/01/2024	99	6,500,000
			<u>\$ 68,376,371</u>

Inter-Local Government Agreement

In past years, SHFC was managed by the management of the Housing Authority of Travis County, Texas (HATC) under the provisions of an inter-local agreement which stresses a "contractual" relationship between the two entities. Under the provisions of the inter-local agreement between HATC and SHFC, 1) the SHFC is not an instrumentality of HATC; 2) HATC had no rights to the SHFC's assets and 3) HATC's management of SHFC was performed as a "contracted service". The interlocal agreement specified SHFC would support HATC in continuing its mission of providing safe, decent and affordable housing in Travis County, Texas to persons of low income. SHFC would assist HATC in covering its operating deficits. The funds were transferred in accordance with the annual budget to be adopted by the Board of Commissioners of HATC and the Board of Directors of SHFC. In April of 2024, SHFC made the decision to end the agreement with the HATC.

Related-Party Notes Receivable

The listing below are funds advanced by SHFC to HATC and is reflected as outstanding receivables.

Strategic Housing Finance Corporation

Notes to Financial Statements

December 31, 2024

In 2017, SHFC advanced \$1,561,000 to HATC to set up a replacement reserve account for the HATC's RAD conversion. Subsequently the funds were split between SEA OAKS (SEA RAD L.P.) and HATC - Eastern Oaks in the amount of \$1,115,000 and \$446,000, respectively.

In 2018 and 2019, SHFC advanced \$837,968 to HATC for SEA OAKS (SEA RAD L.P.) consisting of:

- a) \$102,000 to set up the Pledge Account.
- b) \$199,035 to set up the Deficit Guarantee Account.
- c) \$179,702 to cover additional construction costs.
- d) \$357,231 to cover operational deficits in 2018.

An estimated allowance for uncollectible receivable was set up for the full amount of \$1,561,000 and \$837,968 and therefore the balance on the statement of net position is a net \$0 balance at December 31, 2024.

11. Conduit (Noncommitment) Debt

SHFC issues tax-exempt bonds for the financing of residential developments for low- and moderate-income individuals and families. The bonds are secured by the underlying property financed and are payable solely from and secured by, a pledge of rental receipts. The bonds do not constitute a debt or pledge of the faith and credit of SHFC and, accordingly, have not been reported in the accompanying financial statements. As of the year ended December 31, 2024, the following is a list of the bond series outstanding:

<u>Bond Description</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Balance</u>
Creekview	06/01/2017	02/01/2035	\$ 28,500,000
SouthPark	12/01/2006	12/01/2049	12,845,000
Austin Boyce Lane (TX Parmer)	01/11/2018	12/01/2035	37,000,000
Lakeway-Series A	07/03/2019	06/01/2037	20,000,000
Lakeway-Series B	07/03/2019	06/01/2037	10,000,000
Austin Manor Series A	01/31/2020	01/01/2038	35,000,000
Austin Manor Series B	01/31/2020	01/01/2038	10,000,000
Limestone Canyon Ridge	12/15/2020	12/01/2060	32,500,000
Parkside Crossing	12/15/2020	12/01/2060	29,500,000
Marquis at Shoreline Series 2016A	06/30/2016	07/01/2056	20,000,000
Marquis at Shoreline Series 2016B	06/30/2016	07/01/2056	5,000,000
Commons at Manor Village	11/29/2018	11/01/2036	19,000,000
Decker Lofts	12/20/2019	01/01/2040	38,600,000
Heights on Parmer Phase II	11/09/2017	09/15/2059	10,829,400
Del Valle	06/08/2018	07/01/2036	29,354,000
Manchaca Commons	04/05/2019	01/01/2062	34,565,000
Paddock at Norwood	06/19/2013	07/01/2046	18,373,707
Yager Flats	08/10/2021	09/01/2041	43,545,000
Wildhorse Flats Apts	01/01/2021	02/01/2054	49,950,000
Pedcor Investments-2021-CLXXXIII, L.P.	11/15/2023	11/15/2063	56,875,000
ECG Daffan, L.P.	11/02/2023	12/01/2041	44,519,000
			<u>\$ 585,956,107</u>

Strategic Housing Finance Corporation

Notes to Financial Statements
December 31, 2024

The bond series listed above were used for making a loan to non-government Texas limited partnerships or acquisition, development and equipping of multifamily residential projects.

12. Net Position

SHFC has the following net positions as of the year ended December 31, 2024:

Net investment in capital assets:	
Furniture and equipment, net of accumulated depreciation	\$ 20,982
Less lease liability	<u>(20,443)</u>
Total net investment in capital assets	<u>\$ 539</u>

13. Effect of New Accounting Standards on Current Period Financial Statements

The GASB has approved the following:

- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

When they become effective, application of these standards may restate portions of these financial statements.