

**FORT BEND COUNTY HOUSING**  
**FINANCE CORPORATION**  
**A Component Unit of Fort Bend County, Texas**

**Financial Statements as of and for the Year Ended**  
**September 30, 2025, and Independent Auditor's Report**



**FORT BEND COUNTY HOUSING**  
**FINANCE CORPORATION**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Fort Bend County Housing Finance Corporation  
Fort Bend County, Texas

### **Opinion**

I have audited the accompanying financial statements of the business-type activities of Fort Bend County Housing Finance Corporation (FBCHFC), a component unit of Fort Bend County, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise FBCHFC's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of FBCHFC as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of FBCHFC, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 FBCHFC'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.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- 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 FBCHFC'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FBCHFC's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Curtis T. Craig, CPA*

Rosenberg, Texas  
March 20, 2026

## **Management's Discussion and Analysis**

As management of the Fort Bend County Housing Finance Corporation (FCHFC), we offer readers of FBCHFC's financial statements this narrative overview and analysis of the financial activities of FBCHFC for the year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with FBCHFC's financial statements, which begin on page 8.

### **FINANCIAL HIGHLIGHTS**

- FBCHFC's assets exceeded its liabilities at the close of the most recent fiscal year by \$1,679,028 (net position).
- FBCHFC's cash and cash equivalents balance at September 30, 2025, was \$200,412, representing a decrease of \$81,336 from September 30, 2024.
- FBCHFC had operating revenues of \$509,870, investment earnings of \$39,008, and operating expenses of \$30,728 for the year ended September 30, 2025.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the FBCHFC's basic financial statements. FBCHFC's basic financial statements include two components: the financial statements and notes to the financial statements.

### **FINANCIAL STATEMENTS**

FBCHFC is a municipal corporation and component unit of Fort Bend County, Texas. It is a single-purpose government with one business-type activity. Because FBCHFC is a single-purpose government, this report only includes the required Management Discussion and Analysis, the financial statements and the notes to the financial statements. The financial statements consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The *statement of net position* presents information on FBCHFC's assets, liabilities with differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of FBCHFC is improving or deteriorating.

The *statement of revenue, expenses, and changes in net position* presents information on FBCHFC's revenue and expenses for the reporting period, distinguishing between operating and nonoperating activities. This statement measures FBCHFC's operations over the past year and can be used to determine whether FBCHFC has recovered all of its cost through lending activities, externally funded programs and other revenue sources.

The *statement of cash flows* provides information about FBCHFC's cash receipts and cash payments during the reporting period. This statement reports cash transactions, including receipts, payments and net changes resulting from operations, financing and investing

activities. This statement provides information regarding the sources and uses of cash and the change in cash during the reporting period.

## **NOTES TO THE FINANCIAL STATEMENTS**

The notes to the financial statements provide additional information that is essential to a full understanding of the financial data provided in the financial statements and, as such, are an integral part of FBCHFC's basic financial statements. The notes to the financial statements can be found on pages 11 through 21 of this report.

## **OTHER INFORMATION**

FBCHFC operates a number of programs consistent with its mission to produce residential housing. FBCHFC was established under the Texas Housing Finance Corporations Act ("Act") (now codified as Chapter 394.001 et seq. Texas Local Government Code) as a separate public nonprofit corporate entity and is organized solely to carry out its purposes and shall have and possess all such powers enumerated. The service area of FBCHFC includes those areas of Fort Bend County outside the city limits of the City of Houston, Texas. Areas of Fort Bend County inside the city limits of the City of Houston are served by another similar entity. All programs operated by FBCHFC are classified as business-type activities because the programs are financed by fees charged to external parties. These activities include providing below-market interest rate financing to qualified homebuyers and developers of affordable rental housing, and sponsorship of the federal low-income housing tax credit program. All financing of below-market interest rate programs is accomplished through the use of conduit debt sponsored by FBCHFC in its capacity to do so under state statutes and relevant provisions of the United States Internal Revenue Code. No liabilities to FBCHFC or Fort Bend County are created under such financing mechanisms.

## **ECONOMIC FACTORS**

FBCHFC plans to evaluate any program allocations available for receipt in fiscal year 2025-2026 based on housing and interest-rate market conditions then in existence for purposes of structuring appropriate single-family home programs either as bond programs or as credit programs, dependent on conditions. However, no additional income predictions can be made by FBCHFC with respect to such potential programs. Projected ongoing revenues from bond issuer fees and investments as well as operating expenses for the subsequent year are expected to be very similar to those of the current fiscal year. FBCHFC does not expect any additional application fees for multi-family projects during the subsequent fiscal year, although they may arise from time to time.

## **FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of FBCHFC's financial position. In the case of FBCHFC, assets exceeded liabilities by \$1,679,028 as of September 30, 2025.

### **SUMMARY OF STATEMENT OF NET POSITION**

	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Assets</b>		
Current assets	\$ 1,590,214	\$ 1,282,417
Capital assets - net	15,789,689	12,818,477
<b>Total Assets</b>	<b><u>17,379,903</u></b>	<b><u>14,100,894</u></b>
<b>Liabilities</b>		
Current liabilities	47,206	125,000
<b>Total Liabilities</b>	<b><u>47,206</u></b>	<b><u>125,000</u></b>
<b>Deferred Inflow of Resources</b>		
Deferred lease revenue	15,653,669	12,815,016
<b>Total Deferred Inflow of Resources</b>	<b><u>15,653,669</u></b>	<b><u>12,815,016</u></b>
<b>Net Position</b>		
Net investment in capital assets	136,020	3,461
Unrestricted	1,543,008	1,157,417
<b>Total Net Position</b>	<b><u>\$ 1,679,028</u></b>	<b><u>\$ 1,160,878</u></b>

### **CHANGE IN NET POSITION**

	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Operating Revenues:</b>		
Program and issuer fees	\$ 245,820	\$ 240,024
Land lease	259,017	83,242
Other	5,033	
<b>Total Operating Revenues</b>	<b><u>509,870</u></b>	<b><u>323,266</u></b>
<b>Operating Expenses:</b>		
Professional fees	21,450	8,650
General and administrative	9,278	7,321
<b>Total Operating Expenses</b>	<b><u>30,728</u></b>	<b><u>15,971</u></b>
<b>Operating Income (Loss)</b>	<b><u>479,142</u></b>	<b><u>307,295</u></b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment earnings	39,008	36,174
<b>Total Nonoperating Revenue (Expenses)</b>	<b><u>39,008</u></b>	<b><u>36,174</u></b>
<b>Change in Net Position</b>	<b>518,150</b>	<b>343,469</b>
<b>Net Position at Beginning of Year</b>	<b><u>1,160,878</u></b>	<b><u>817,409</u></b>
<b>Net Position at End of Year</b>	<b><u>\$ 1,679,028</u></b>	<b><u>\$ 1,160,878</u></b>

- Land lease revenues increased by \$175,775, a 211.2% increase from the prior fiscal year. This increase can be attributed to additional land lease payments received in the current fiscal year.
- Professional fees increased by \$12,800, a 148.0% increase from the prior fiscal year. This increase can be attributed to additional bookkeeping and consulting fees in the current fiscal year.

**CAPITAL ASSETS**

FBCHFC’s capital assets as of September 30, 2025, consisting of land, totaled \$15,789,689. The total increase in FBCHFC’s capital assets for the current fiscal year is \$2,971,212 or 18.8%, due to FBCHFC entering into a new development project through Lakeview at Westpark Leasehold, LLC (Note 4).

	<u>2025</u>	<u>2024</u>
<b>Capital Assets:</b>		
Land	<u>15,789,689</u>	<u>12,818,477</u>
<b>Total Capital Assets</b>	<u>\$ 15,789,689</u>	<u>\$ 12,818,477</u>

Additional information on FBCHFC’s capital assets can be found in Note 3 to the financial statements.

**CONTACTING FBCHFC’S MANAGEMENT AND OBTAINING FINANCIAL INFORMATION**

Any questions or concerns regarding FBCHFC should be directed to management of FBCHFC: Board of Directors, Fort Bend County Housing Finance Corporation, c/o Thomas Shirley - Treasurer, 16554 Creekbend Drive, Suite 150, Sugar Land, Texas 77478. This financial report is designed to provide a general overview of FBCHFC’s finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fort Bend County Housing Finance Corporation, Thomas Shirley - Treasurer, 16554 Creekbend Drive, Suite 150, Sugar Land, Texas 77478.

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**FORT BEND COUNTY HOUSING**  
**FINANCE CORPORATION**

**STATEMENT OF NET POSITION**

**September 30, 2025**

	<b><u>Housing Finance Corporation</u></b>
<b><u>Assets</u></b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 200,412
Investments	1,388,372
Prepaid expenses	<u>1,430</u>
<b>Total Current Assets</b>	<u>1,590,214</u>
Capital assets - land	<u>15,789,689</u>
<b>Total Assets</b>	<u>17,379,903</u>
<b><u>Liabilities</u></b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 5,539
Unearned revenue	<u>41,667</u>
<b>Total Current Liabilities</b>	<u>47,206</u>
<b><u>Deferred Inflow of Resources</u></b>	
Deferred lease revenue	<u>15,653,669</u>
<b>Net Position</b>	
Net investment in capital assets	136,020
Unrestricted	<u>1,543,008</u>
<b>Total Net Position</b>	<u><u>\$ 1,679,028</u></u>

*The accompanying notes are an integral part of these basic financial statements.*

**FORT BEND COUNTY HOUSING**  
**FINANCE CORPORATION**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION**

**Year Ended September 30, 2025**

	<b>Housing Finance Corporation</b>
<b>Operating Revenues:</b>	
Acquisition fees	\$ 150,000
General contractor fees	83,333
Land lease income	259,017
Program income	12,487
Other	5,033
<b>Total Operating Revenues</b>	<b>509,870</b>
<b>Operating Expenses:</b>	
Professional services	21,450
Directors' fees, meetings, conferences and travel	4,384
Office expenses	847
Liability insurance	1,838
Conference and travel expense	1,654
Other	555
<b>Total Operating Expenses</b>	<b>30,728</b>
<b>Operating Income</b>	<b>479,142</b>
<b>Nonoperating Revenues (Expenses)</b>	
Investment earnings	39,008
<b>Total Nonoperating Revenues (Expenses)</b>	<b>39,008</b>
<b>Change in Net Position</b>	<b>518,150</b>
<b>Net Position at Beginning of Year</b>	<b>1,160,878</b>
<b>Net Position at End of Year</b>	<b>\$ 1,679,028</b>

*The accompanying notes are an integral part of these basic financial statements.*

# **FORT BEND COUNTY HOUSING** **FINANCE CORPORATION**

## **STATEMENT OF CASH FLOWS**

**For The Year Ended September 30, 2025**

	<b>Housing Finance Corporation</b>
<b>Cash Flows from Operating Activities</b>	
Cash received from customers and users	\$ 293,978
Cash paid to suppliers for goods and services	(25,394)
<b>Net Cash Provided by Operating Activities</b>	268,584
<b>Cash Flows from Investing Activities</b>	
Sale (purchase) of investments, net	(350,000)
Investment earnings	80
<b>Net Cash (Used) by Investing Activities</b>	(349,920)
<b>Net (Decrease) in Cash and Cash Equivalents</b>	(81,336)
<b>Cash and Cash Equivalents at Beginning of Year</b>	281,748
<b>Cash and Cash Equivalents at End of Year</b>	\$ 200,412
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating income	\$ 479,142
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) in prepaid expenses	(205)
Increase in accounts payable	5,539
(Decrease) in unearned revenue	(83,333)
(Decrease) in deferred lease revenue	(132,559)
<b>Net Cash Provided by Operating Activities</b>	\$ 268,584
<b>Supplemental Disclosure of Cash Flows Information</b>	
Noncash investing and financing activities:	
Investment income re-invested	\$ 38,928
Increase in land through one-time land lease prepayments	\$ 2,971,212

*The accompanying notes are an integral part of these basic financial statements.*

# **FORT BEND COUNTY HOUSING FINANCE CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Reporting Entity:**

Fort Bend Housing Finance Corporation (FBCHFC) was incorporated in the State of Texas on June 11, 1980. FBCHFC was established under the Texas Housing Finance Corporations Act ("Act") (now codified as Chapter 394.001 et seq. Texas Local Government Code) as a separate public nonprofit corporate entity and is organized solely to carry out its purposes and shall have and possess all such powers enumerated. FBCHFC provides down payment assistance programs for individuals meeting certain income guidelines and serves as a conduit for activity related to bond issues for affordable housing. It also sponsors federal low-income housing tax credit programs. FBCHFC is exempt from the payments of federal income and state franchise taxes.

The basic financial statements, as listed in the table of contents, present FBCHFC (the primary government) and its component units (collectively the Organization), entities for which FBCHFC is considered to be financially accountable and which serve as FBCHFC's instrumentalities 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*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus— an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, a component unit is a legally separate entity for which the primary government is financially accountable 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.

Component units are segregated into blended component units and discretely presented component units:

Blended component units, although legally separate entities are, in substance, part of the primary government's operations; therefore, basic financial statements of the blended component units are combined with the basic financial statements of the

# **FORT BEND COUNTY HOUSING FINANCE CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

primary government.

Discretely presented component units are component units that do not meet the criteria for blending. Basic financial statements of the discretely presented component unit are presented in a separate column within or in the notes to the basic financial statements of the primary government.

The Organization is considered a discretely presented component unit of Fort Bend County as defined by GASB Statement No. 14, as amended by GASB Statements No. 39 and No. 61. Under the criterion described above, entities listed below were reported with FBCHFC as blended component units as of September 30, 2025. FBCHFC has no discretely presented component units as of September 30, 2025.

Financial statements of the blended component units below are combined with the basic financial statements of FBCHFC.

*FBCHFC Allora Bella MM, LLC (Allora Bella MM)*

Allora Bella MM was organized on February 9, 2024, as a Texas limited liability company in which FBCHFC is its sole member, to be the managing member of Post Allora Bella, LLC, the owner of an approximately 342-unit multifamily residential rental project in Richmond, Texas, known as Allora Bella Terra. Allora Bella MM has the duty to use its best efforts to ensure that Post Allora Bella, LLC qualifies for the maximum lawful low-income housing tax credits (LIHTC).

*Allora Bella Terra Land, LLC (Allora Bella Land)*

Allora Bella Land was organized on February 9, 2024, as a Texas limited liability company in which FBCHFC is its sole member, to acquire, own and lease tracts of real property in Fort Bend County, Texas, on which a multifamily residential rental project is constructed (see Note 1, Limited Partnership – Joint Ventures and Note 4).

*Fulshear WF-I GP, LLC (Fulshear I GP)*

Fulshear I GP was organized on September 28, 2023, as a Texas limited liability company in which FBCHFC is its sole member, to be the general partner of Enclave Fulshear WF-I, LP, the owner of an approximately 343-unit multifamily residential rental project in Fort Bend County, Texas, known as Enclave Fulshear (Phase I).

*Fulshear WF-I Land, LLC (Fulshear I Land)*

Fulshear I Land was organized on August 20, 2024, as a Texas limited liability company in which FBCHFC is its sole member, to acquire, own and lease tracts of real property in Fort Bend County, Texas, on which a multifamily residential rental project is constructed (see Note 1, Limited Partnership – Joint Ventures and Note 4).

*Fulshear WF-I Developer, LLC (Fulshear I Developer)*

Fulshear I Developer was organized on November 8, 2024, as a Texas limited liability company with its sole member being FBCHFC. Fulshear I Developer was formed to serve as the co-developer to develop, improve and finance a multifamily housing development

# **FORT BEND COUNTY HOUSING FINANCE CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

in Fort Bend County, Texas (see Note 1, Limited Partnership – Joint Ventures and Note 4).

*Fulshear WF-I General Contractor, LLC (Fulshear I Contractor)*

Fulshear I Contractor was organized on November 8, 2024, as a Texas limited liability company with its sole member being FBCHFC. Fulshear I was formed to serve as the general contractor to construct a multifamily housing development in Fort Bend County, Texas (see Note 1, Limited Partnership – Joint Ventures and Note 4).

*Ravella at Sienna MM, LLC (Ravella MM)*

Ravella MM was organized on April 8, 2024, as a Texas limited liability company in which FBCHFC is its sole member, to be the managing member of Orion Ravella Property DE, LLC, which was formed to finance, acquire, own, maintain, lease, operate and manage a multifamily residential rental project in Fort Bend County, Texas. This entity will be legally dissolved as there are no longer any plans to participate in Orion Ravella Property DE, LLC.

*Ravella at Sienna Land, LLC (Ravella Land)*

Ravella Land was organized on April 8, 2024, as a Texas limited liability company in which FBCHFC is its sole member, to acquire, own and lease tracts of real property in Fort Bend County, Texas, on which a multifamily residential rental project was to be constructed. This entity will be legally dissolved as there are no longer any plans to participate in Orion Ravella Property DE, LLC.

*FBCHFC Lakeview at Westpark MM, LLC (Lakeview at Westpark MM)*

Lakeview at Westpark MM was organized on April 3, 2025, as a Texas limited liability company in which FBCHFC is its sole member, to be the managing member of Lakeview at Westpark Leasehold, LLC, the owner of an approximately 298-unit multifamily residential rental project in the City of Richmond, Fort Bend County, Texas, known as Lakeview at Westpark (see Note 1, Limited Partnership – Joint Ventures and Note 4).

*Lakeview at Westpark Land, LLC (Lakeview at Westpark Land)*

Lakeview at Westpark Land was organized on April 3, 2025, as a Texas limited liability company in which FBCHFC is its sole member, to acquire, own and lease tracts of real property in Fort Bend County, Texas, on which a multifamily residential rental project is to be constructed (see Note 1, Limited Partnership – Joint Ventures and Note 4).

*FBCHFC The Henry at Rosenberg MM, LLC (Henry at Rosenberg MM)*

Henry at Rosenberg MM was organized on January 30, 2025, as a Texas limited liability company in which FBCHFC is its sole member, to be the managing member of Momentum Rosenberg TX, LLC, which will finance, acquire, own, maintain, lease, operate and manage an approximately 184-unit multifamily residential rental project in the City of Rosenberg, Fort Bend County, Texas.

*The Henry at Rosenberg Land, LLC (Henry at Rosenberg Land)*

Henry at Rosenberg Land was organized on January 30, 2025, as a Texas limited liability

# **FORT BEND COUNTY HOUSING FINANCE CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

company in which FBCHFC is its sole member, to acquire, own and lease tracts of real property in Fort Bend County, Texas, on which a multifamily residential rental project is to be constructed (see Note 6).

### **Joint Ventures**

Post Allora Bella, LLC and Enclave Fulshear WF-I, LP are considered joint ventures of the Organization. A joint venture is an organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or responsibility.

Investments by the Organization in the limited partnership are accounted for as joint ventures under the equity method. The Organization recognizes its share of the operating results of the limited partnership based on its ownership share in the limited partnership in accordance with the limited partnership agreements.

Under this method, the investment is initially recorded at cost and then increased or decreased by the proportionate share of the limited partnership' net earnings or losses, additional investments and for cash distributions from the limited partnership. The Organization has no obligation to fund liabilities of the limited partnership beyond its investments other than under certain conditions as specified in the limited partnership agreements (see Note 4). Accordingly, the investments by the Organization in the limited partnership will continue to reflect on its shares of losses in excess of its investment, including loans and advances, to the extent of commitments to the limited partnership under the limited partnership agreements.

FBCHFC, 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' Company Agreements, as amended (see Note 4).

There are no separate financial statements issued for Post Allora Bella, LLC, Enclave Fulshear WF-I, LP, or Lakeview at Westpark Leasehold, LLC, as of and for the year ended September 30, 2025.

### **Measurement Focus, Basis of Accounting and Financial Statement**

#### **Presentation:**

The Organization uses a single enterprise fund for the presentation of its financial statements. Proprietary fund (which includes enterprise funds) financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows.

#### **Net Position:**

Proprietary fund net position is segregated into three categories as follows:

# **FORT BEND COUNTY HOUSING FINANCE CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

Net investment in capital assets is the balance of capital assets less accumulated depreciation, net of outstanding balances of related debt as well as deferred outflows of resources and deferred inflows of resources that are attributable to those capital assets.

Restricted net position is subject to constraints externally imposed by funding agencies or legislation. The amount of restricted net position is calculated by reducing the carrying value of restricted assets by their related liabilities and deferred inflows of resources related to those assets. As of September 30, 2025, there was no restricted net position.

Unrestricted net position represents the portion remaining after the "net investment in capital assets" and "restricted net position" amounts have been determined.

### **Deferred Outflow and Deferred Inflow of Resources:**

Deferred outflow of resources are consumptions of net assets (the difference between the Organization's assets and its liabilities) by the Organization that is applicable to a future reporting period. Deferred inflow of resources are acquisitions of net assets by the Organization that is applicable to a future reporting period. As of September 30, 2025, the Organization does not have any deferred outflow of resources. See Note 4 for deferred inflows of resources related to the land lease agreements.

### **Intercompany Transactions:**

Intercompany receivables, payables, revenues, expenses, and transfers have been eliminated in the basic financial statements.

### **Cash and Cash Equivalents:**

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

### **Investments:**

Investments in Certificate of Deposit Account Registry Service (CDARS) have readily determinable fair values and are stated at fair value.

### **Income Taxes:**

FBCHFC is special-purpose governmental entity and is not subject to federal or state income taxes. However, all the blended component units for the year ended September 30, 2025, are subject to state franchise tax.

### **Revenue Recognition:**

Bond issuer fees: A trust indenture is entered into when a bond is issued. Bond issuer fees are recorded as earned in accordance with the underlying trust indenture.

Bond closing fees: The Organization records the bond closing fees at the time the bond closes with the respective borrower through a title company.

# **FORT BEND COUNTY HOUSING FINANCE CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

**Bond application fees:** The Organization records the bond application fees at the time the application for the issuance of the bond is submitted.

**Land lease income:** Certain of the Organization's blended component units have entered into various ground lease agreements (see Note 4), with the limited partnerships on which the limited partnerships construct apartment complexes, for ninety-nine (99) years. The ground lease agreements typically require a one-time upfront payment from the limited partnerships. The Organization's blended component units recognize lease revenue from the deferred inflows of resources in a systematic and rational manner over the term of each lease. Annual rent payments, as applicable, are payable from available partnership or company net cash flow only as defined by the respective underlying agreements. Therefore, annual rent payments are subject to the availability of funds after meeting expense and debt service requirements each year. Annual rent payments will accrue to the extent that net cash flow is insufficient in any year for full payment.

**Acquisition fees:** The Organization records fees for its services related to acquisition of land for new multifamily residential developments at closing.

**Partnership or company management fees:** The Organization records partnership or company management fees in accordance with the respective underlying partnership or company agreements. These fees are to be paid from the net cash flows as defined by the respective underlying agreement (see Note 4). As a result, the Organization records the partnership or company management fees when receiving the payments.

### **Capital Assets:**

Investments in capital assets currently consist of land related to ground leases (see Note 4). Repairs and maintenance are charged to expenses as incurred. Renewals and betterments over \$3,000 and add significantly to the utility or useful life of the asset are capitalized.

### **Estimates:**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **Date of Management's Review**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 20, 2026, the date that the financial statements were available to be issued.

# **FORT BEND COUNTY HOUSING FINANCE CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 2 - CASH AND INVESTMENTS**

#### **Cash and Cash Equivalents:**

At September 30, 2025, the bank balance of the Organization's deposits was \$201,637 which was fully covered by FDIC insurance.

#### **Investments:**

The Organization has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The investments of the Organization are in compliance with this policy.

Applicable state laws and regulations allow the Organization to invest its funds in direct or indirect obligations of the United States, the State, or any county, city, school district, or other political subdivision of the State. Funds may also be placed in certificates of deposit of state or national banks or savings and loan associations (depository institutions) domiciled within the State. Related state statutes require that all funds invested in depository institutions be guaranteed by federal depository insurance and/or be secured in a manner provided by law for the security of public funds.

The Organization uses the Certificate of Deposit Account Registry Service (CDARS), a deposit-placement service designed to allow FDIC-insured depository institutions to accept deposits of more than \$250,000 and obtain full coverage for the Organization by spreading the funds among as many separate FDIC insured institutions as necessary so that no institution holds more than \$250,000 (principal plus interest).

At year-end, the Organization's investment balances consisted of certificates of deposits under CDARS with a total fair value of \$1,388,372 and weighted average maturity of 58 days.

#### **Interest Rate Risk**

In accordance with its investment policy, the Organization manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than two years to meet cash requirements for ongoing operations.

#### **Credit Risk - Investments**

In accordance with its investment policy, the Organization minimizes credit risk losses due to default of a security issuer or backer, by limiting investments to the safest types of securities.

# **FORT BEND COUNTY HOUSING FINANCE CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 3 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended September 30, 2025, follows:

	<b>Balance Oct. 1, 2024</b>	<b>Additions</b>	<b>Dispositions</b>	<b>Balance Sept. 30, 2025</b>
Land	\$ 12,818,477	\$ 2,971,212	\$	\$ 15,789,689
<b>Total Capital Assets</b>	<b>\$ 12,818,477</b>	<b>\$ 2,971,212</b>	<b>\$</b>	<b>\$ 15,789,689</b>

### **NOTE 4 – RELATED PARTY TRANSACTIONS**

#### **Investments in Limited Partnerships or Limited Liability Companies:**

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

#### *Post Allora Bella, LLC*

Post Allora Bella, LLC was organized in February 2024, as a Delaware limited liability company and has received allocations of LIHTC through TDHCA, pursuant to IRC Section 42, for the purpose of acquiring, constructing, and operating an approximately 342-unit multifamily residential rental project in Richmond, Texas, known as Allora Bella Terra.

Allora Bella MM is the managing member of Post Allora Bella, LLC with 0.01% ownership interest. Accordingly, 0.01% profits and losses from operations of Post Allora Bella, LLC are allocated to Allora Bella MM. Post Allora Bella, LLC had no operating activities for the year ended September 30, 2025.

#### *Enclave Fulshear WF-I, LP*

Enclave Fulshear WF-I, LP was organized in September 2023, as a Texas limited partnership for the purpose of acquiring, constructing, and operating an approximately 343-unit multifamily residential rental project in Fort Bend County, Texas, known as Enclave Fulshear (Phase I).

Fulshear I GP is general partner of Enclave Fulshear WF-I, LP, with a 0.01% ownership interest. Accordingly, 0.01% profits and losses from operations of Enclave Fulshear WF-I, LP are allocated to Fulshear I GP. Enclave Fulshear WF-I, LP had no operating activities for the year ended September 30, 2025.

#### *Lakeview at Westpark Leasehold, LLC*

Lakeview at Westpark Leasehold, LLC was organized in April 2025, as a Delaware limited liability company and has received allocations of LIHTC through TDHCA, pursuant to IRC

# **FORT BEND COUNTY HOUSING FINANCE CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

Section 42, for the purpose of acquiring, constructing, and operating an approximately 298-unit multifamily residential rental project in Richmond, Texas, known as Lakeview at Westpark.

Lakeview at Westpark MM is the managing member of Lakeview at Westpark Leasehold, LLC with 0.01% ownership interest. Accordingly, 0.01% profits and losses from operations of Lakeview at Westpark Leasehold, LLC are allocated to Lakeview at Westpark MM. Lakeview at Westpark Leasehold, LLC had no operating activities for the year ended September 30, 2025.

### **Public-Private Partnerships (PPPs) - Business Activities:**

Certain blended component units of FBCHFC entered into ground lease agreements that are classified as PPPs under the definition established by GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, (GASB 94). A PPP arrangement is an arrangement between the transferor (a FBCHFC Land LLC entity) and an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period in an exchange or exchange-like transaction.

All the PPP agreements involve newly acquired assets (land) and do not meet the definition of a service concession arrangement. These agreements require the Operator (Limited Partnership or Limited Liability Company) to make improvements to the new asset for the purpose of constructing and operating multifamily residential developments that must provide rental units to certain low and moderate-income families.

At the time of the PPP agreement, the FBCHFC Land LLC entity records the underlying PPP asset at its acquisition value, with a corresponding entry to deferred inflows of resources. The deferred inflow of resources will then be reduced, and revenue will be recognized in a systematic manner over the term of the different arrangements. Any improvements made by the Operator are recognized by FBCHFC Land LLC entity when the improvements are placed into service based on the operator's estimated carrying value of the improvements as of the future date of the transfer in ownership. The estimated value of these improvements at the end of the 99-year leases is zero.

Some ground lease agreements call for an up-front lump rent payment while others require an up-front lump rent payment combined with an annual rent conditioned upon sufficient net cash flow, capital event, etc. All rent payments subject to sufficient net cash flow availability are recognized as revenue in the period received. Under GASB 94, variable payments should not be recorded as receivables, rather, those variable payments should be recognized as revenue in the period to which the payments relate. Therefore, a receivable for the variable payments has not been recorded as of September 30, 2025.

# **FORT BEND COUNTY HOUSING FINANCE CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

Per the ground lease agreements, the title to the land upon which the improvements are to be constructed is held exclusively by the FBCHFC Land LLC entity and the title to all improvements and equipment of the multifamily residential development is held exclusively by the Limited Partnership. The FBCHFC Land LLC entity has the right of first refusal as well as a purchase option of the multifamily residential development typically at the greater of fair market value or an amount sufficient to pay off all outstanding partnership and partner debt and taxes as defined. If neither of these two options are exercised, at the end of the agreement term, all assets and improvements are surrendered to the FBCHFC Land LLC entity.

- At September 30, 2025, there are three (3) 99-year ground lease agreements that required initial one-time upfront payments from certain limited partnerships ranging from \$2,971,212 to \$7,591,625.
- Capital assets related to the ground leases total \$15,789,689 as of September 30, 2025.
- The balance of deferred inflows of resources related to these ground leases at September 30, 2025, is \$15,653,669. FBCHFC's Land LLC entities recognized \$259,017 in lease revenue during the current fiscal year.
- Allora Bella Terra, Enclave Fulshear (Phase I) and Lakeview at Westpark are under construction as of September 30, 2025.

### **NOTE 5 – CONDUIT (NON-COMMITMENT) DEBT**

FBCHFC is authorized to issue tax-exempt bonds for the financing of residential housing by issuing tax-exempt and taxable revenue bonds to acquire mortgage loans as security for the payment of the principal and interest of such revenue bonds. The bonds do not constitute a debt or pledge of the faith and credit of FBCHFC and, accordingly, have not been reported in the accompanying financial statements. As of September 30, 2025, there are two Single Family Mortgage Revenue Bonds Series 2002A with total outstanding amount of \$65,000.

### **NOTE 6 – SUBSEQUENT EVENTS**

In November 2025, the following agreements were executed:

- The Henry at Rosenberg MM, LLC entered into the First Amended and Restated Operating Agreement of Momentum Rosenberg TX, LLC to be the entity's managing member.
- The Henry at Rosenberg Land, LLC entered into a 99-year ground lease agreement with Momentum Rosenberg TX, LLC, in November 2025. This 99-year ground lease

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**NOTES TO FINANCIAL STATEMENTS**

agreement required a one-time upfront payment of \$3,014,558 from Momentum Rosenberg TX, LLC, which will be recorded as land and deferred inflow of resources in the accounting records of Henry at Rosenberg Land, LLC.

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