
BRAZOS VALLEY COMMUNITY
DEVELOPMENT CORPORATION, INC.

(A NONPROFIT CORPORATION)

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

FOR THE YEARS ENDED
SEPTEMBER 30, 2012 AND 2011

PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**BRAZOS VALLEY COMMUNITY
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Brazos Valley Community Development Corporation, Inc.
Bryan, Texas

We have audited the accompanying statements of financial position of Brazos Valley Community Development Corporation, Inc. (a nonprofit Corporation) as of September 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brazos Valley Community Development Corporation, Inc. as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Pattillo, Brown & Hill, LLP

April 8, 2013

BRAZOS VALLEY COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash in bank	\$ 250,593	\$ 268,938
Accrued interest receivable	3,212	6,140
Notes receivable, net of allowance	<u>650,737</u>	<u>600,280</u>
Total assets	<u>904,542</u>	<u>875,358</u>
LIABILITIES		
Accounts payable	7,469	1,888
Unearned revenue	4,778	-
Loan escrow payable	18,049	18,883
Notes payable	<u>473,800</u>	<u>498,800</u>
Total liabilities	<u>504,096</u>	<u>519,571</u>
NET ASSETS		
Unrestricted	<u>400,446</u>	<u>355,787</u>
Total net assets	<u>400,446</u>	<u>355,787</u>
Total liabilities and net assets	<u>\$ 904,542</u>	<u>\$ 875,358</u>

The notes to the financial statements are an integral part of this statement.

BRAZOS VALLEY COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	Unrestricted	
	2012	2011
SUPPORT AND REVENUES		
Interest revenue	\$ 49,678	\$ 55,165
Contributions	46,658	20,000
Lending fees	10,015	13,908
Other income	-	100
Total support and revenues	106,351	89,173
EXPENSES AND LOSSES		
Program services:		
Community development	59,812	40,410
Supporting services:		
General and administrative	1,880	1,201
Total expenses	61,692	41,611
Loss on sale of property	-	34,580
Total expenses and losses	61,692	76,191
CHANGE IN NET ASSETS	44,659	12,982
NET ASSETS, BEGINNING OF YEAR	355,787	342,805
NET ASSETS, END OF YEAR	\$ 400,446	\$ 355,787

The notes to the financial statements are an integral part of this statement.

BRAZOS VALLEY COMMUNITY DEVELOPMENT CORPORATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers - interest on loans	\$ 61,787	\$ 77,380
Cash received from customers - principal on mortgage loans	13,340	111,729
Cash received from contributors	31,436	-
Cash paid to suppliers for goods and services	(56,111)	(44,504)
Net cash provided by operating activities	50,452	144,605
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan disbursements - non-mortgage lending activities	(63,797)	-
Disposal of property held for sale	-	63,981
Net cash provided (used) by investing activities	(63,797)	63,981
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from issuance of debt	-	5,000
Payment of principal on debt	(5,000)	-
Net cash provided (used) by noncapital financing activities	(5,000)	5,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,345)	213,586
CASH, BEGINNING	268,938	55,352
CASH, ENDING	\$ 250,593	\$ 268,938
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 44,659	\$ 12,982
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of long-term debt	(20,000)	(20,000)
Loss on sale of property	-	34,580
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	-	5,025
Mortgage notes receivable	13,340	111,729
Accrued interest receivable	2,928	2,059
Increase (decrease) in liabilities:		
Accounts payable	5,581	(2,893)
Loan escrow payable	(834)	1,123
Unearned revenue	4,778	-
Net cash provided by operations	\$ 50,452	\$ 144,605

The notes to the financial statements are an integral part of this statement.

BRAZOS VALLEY COMMUNITY
DEVELOPMENT CORPORATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

1. NATURE OF BUSINESS

Brazos Valley Community Development Corporation, Inc. (the "Corporation") was formed to promote, develop, and improve the economic conditions of people in the Brazos Valley region of Texas. This is accomplished by loans, investments and other business transactions with individuals and small businesses that increase the supply of affordable housing and jobs for low and moderate income persons.

Subsequent to formation, the Corporation applied for and received tax exempt status under Code Section 501(c)(3) of the Internal Revenue Code. The effective date of exemption was October 18, 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions.

A description of the three net asset categories follows:

Unrestricted Net Assets

Unrestricted Net Assets represent resources over which the Board of Directors has discretionary control and can be used currently for the general purposes of the Corporation in accordance with its bylaws. The Board may voluntarily designate unrestricted resources for specific purposes, but this is a voluntary action of the governing Board that can be modified or reversed at its discretion. These designations of unrestricted resources by the governing Board do not have the same legal requirements as do restrictions of funds.

(continued)

4. NOTES RECEIVABLE

	<u>2012</u>	<u>2011</u>
\$200,000 line of credit made available to Brazos Valley Affordable Housing Corporation to finance home construction; interest at 5.50%; due February 8, 2013	\$ 63,797	\$ -
Various mortgage loans: 5.542% - 8.042%; secured by real estate; maturing 2032-2040	764,940	778,280
Allowance for losses	(178,000)	(178,000)
	<u>\$ 650,737</u>	<u>\$ 600,280</u>

5. NOTES PAYABLE

The Corporation's notes payable at September 30, 2012 and 2011, consist of the following:

	<u>2012</u>	<u>2011</u>
First Southwestern Financial Services Issued October 1, 2006, 3% interest payable quarterly, \$20,000 forgiven annually on October 1st.	\$ -	\$ 20,000
US Bank Issued October 12, 2006, 2% interest payable annually, principal due October 12, 2016.	100,000	100,000
Wells Fargo Bank Issued October 1, 2006, 2% interest payable quarterly, principal due June 7, 2017.	200,000	200,000
Brazos Valley Affordable Housing Corporation Line of credit not to exceed \$500,000, 4.53% interest payable quarterly, automatic renewal each October 1st, final maturity no later than October 1, 2015.	173,800	173,800
Texas Community Capital, Inc. Issued November 1, 2010, 2% interest payable upon maturity, principal due November 1, 2011.	-	5,000
Total	<u>\$ 473,800</u>	<u>\$ 498,800</u>

(continued)

5. NOTES PAYABLE (Continued)

The future scheduled maturities of long-term debt are as follows:

<u>Years Ending September 30,</u>	<u>Principal</u>
2013	\$ -
2014	-
2015	-
2016	173,800
2017	300,000
Thereafter	<u>-</u>
Total	<u>\$ 473,800</u>

6. SUBSEQUENT EVENTS

In preparing these financial statements, subsequent events were evaluated through April 8, 2013, which is the date the financial statements were available to be issued.