National Association for Latino Community Asset Builders

Consolidated Financial Statements (With Supplementary Information) and Independent Auditor's Report

December 31, 2024 and 2023

CohnReznick

National Association for Latino Community Asset Builders

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Independent Auditor's Report

To the Board of Trustees
National Association for Latino Community Asset Builders

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of National Association for Latino Community Asset Builders, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Association for Latino Community Asset Builders as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of National Association for Latino Community Asset Builders and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of certain subsidiaries and affiliates were not audited in accordance with *Government Auditing Standards.*

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Association for Latino Community Asset Builders's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 National Association for Latino Community Asset Builders'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Association for Latino Community Asset Builders'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 audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities on pages 33 and 34 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards on page 36 as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2025, on our consideration of National Association for Latino Community Asset Builders' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of National Association for Latino Community Asset Builders' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering National Association for Latino Community Asset Builders' internal control over financial reporting and compliance.

CohnReznick LLP

Charlotte, North Carolina
June 26, 2025

National Association for Latino Community Asset Builders

Consolidated Statements of Financial Position
December 31, 2024 and 2023

Assets

	2024	2023
Current assets		
Cash and cash equivalents	$ 15,945,436	$ 16,024,480
Restricted cash and cash equivalents	12,559,793	9,009,980
Investments, current	1,381,392	1,387,638
Receivables	237,965	559,596
Grants receivable	3,423,500	1,915,000
Notes receivable, current	1,907,203	1,715,081
Accrued and dividends interest receivable	187,858	219,229
Prepaid expenses	54,018	43,238
Federal income tax receivable	2,500	-
Deposits	5,080	11,930
Total current assets	35,704,745	30,886,172
Property and equipment		
Land and improvements	4,395,425	301,755
Buildings and improvements	1,322,521	1,026,619
Furniture and equipment	223,179	223,179
Total property and equipment	5,941,125	1,551,553
Less accumulated depreciation	(512,178)	(469,637)
Net property and equipment	5,428,947	1,081,916
Other assets		
Investments	-	350,691
Notes receivable, net of allowance of $220,033 and $112,271, respectively	16,114,698	13,075,505
Land held for development/sale	-	537,268
Property held for sale	399,000	606,921
Right-of-use asset, net	87,606	111,438
Total other assets	16,601,304	14,681,823
Total assets	$ 57,734,996	$ 46,649,911

National Association for Latino Community Asset Builders

Consolidated Statements of Financial Position
December 31, 2024 and 2023

Liabilities and Net Assets

	2024	2023
Current liabilities		
Accounts payable	$ 615,942	$ 327,728
Grants payable	330,000	210,000
Accrued expenses	83,323	29,787
Deferred revenue	-	2,841
Liability for off balance sheet credit losses	134,157	9,000
Tenant security deposits held	-	6,000
Current portion of notes payable	53,532	1,052,910
Current portion of lease liability	109,348	67,044
Total current liabilities	1,326,302	1,705,310
Notes payable, net of current portion and unamortized debt costs	21,166,833	13,894,240
Lease liability, net of current portion	-	60,571
Total liabilities	22,493,135	15,660,121
Commitments and contingencies	-	-
Net assets		
Net assets, attributable to NALCAB		
Without donor restrictions	10,544,906	8,319,221
With donor restrictions	11,322,155	9,986,474
Total net assets attributable to NALCAB	21,867,061	18,305,695
Net assets, attributable to noncontrolling interests - without donor restrictions	13,374,800	12,684,095
Total net assets	35,241,861	30,989,790
Total liabilities and net assets	$ 57,734,996	$ 46,649,911

See Notes to Consolidated Financial Statements.

National Association for Latino Community Asset Builders

Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2024 and 2023

	2024			2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Public support and other operating revenue						
Contracts and grants from						
Federal grants	$ 2,158,912	$ 1,000,000	$ 3,158,912	$ 2,168,382	$ 777,126	$ 2,945,508
Other contributions and grants	357,745	10,080,000	10,437,745	465,500	5,000,000	5,465,500
Net assets released from restrictions	9,744,319	(9,744,319)	-	7,126,601	(7,126,601)	-
Total contracts and grants funding	12,260,976	1,335,681	13,596,657	9,760,483	(1,349,475)	8,411,008
Program service revenue	339,200	-	339,200	424,178	-	424,178
Rental income	49,679	-	49,679	87,869	-	87,869
Interest income	1,849,513	-	1,849,513	1,496,267	-	1,496,267
Gain on sale of rental properties	525,190	-	525,190	-	-	-
Unrealized gain on investments	73,761	-	73,761	45,251	-	45,251
Total support and revenues	15,098,319	1,335,681	16,434,000	11,814,048	(1,349,475)	10,464,573
Expenses						
Organizational capacity building	6,889,506	-	6,889,506	5,195,989	-	5,195,989
Policy and field-building	484,934	-	484,934	434,181	-	434,181
Lending and asset management	1,386,733	-	1,386,733	930,288	-	930,288
Membership	128,903	-	128,903	89,857	-	89,857
Supporting services						
Management and general	3,038,581	-	3,038,581	2,290,799	-	2,290,799
Fundraising	253,272	-	253,272	234,766	-	234,766
Total expenses	12,181,929	-	12,181,929	9,175,880	-	9,175,880
Change in net assets	2,916,390	1,335,681	4,252,071	2,638,168	(1,349,475)	1,288,693
Net assets, beginning of year	21,003,316	9,986,474	30,989,790	18,365,148	11,335,949	29,701,097
Net assets, end of year	$ 23,919,706	$ 11,322,155	$ 35,241,861	$ 21,003,316	$ 9,986,474	$ 30,989,790
Change in net assets, attributable to NALCAB						
Net assets, beginning of year	$ 8,319,221	$ 9,986,474	$ 18,305,695	$ 6,140,319	$ 11,335,949	$ 17,476,268
Change in net assets	2,225,685	1,335,681	3,561,366	2,178,902	(1,349,475)	829,427
Net assets, end of year	10,544,906	11,322,155	21,867,061	8,319,221	9,986,474	18,305,695
Change in net assets, attributable to noncontrolling interests						
Net assets, beginning of year	12,684,095	-	12,684,095	12,224,829	-	12,224,829
Change in net assets	690,705	-	690,705	459,266	-	459,266
Net assets, end of period	13,374,800	-	13,374,800	12,684,095	-	12,684,095
Total net assets	$ 23,919,706	$ 11,322,155	$ 35,241,861	$ 21,003,316	$ 9,986,474	$ 30,989,790

See Notes to Consolidated Financial Statements.

National Association for Latino Community Asset Builders

Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Programs					Support services			
	Organizational Capacity Building	Policy and Field-Building	Lending and Asset Management	Membership	Total	Management and general	Fundraising	Total	Grand total
Grants	$ 2,167,400	$ -	$ -	$ -	$ 2,167,400	$ 10,700	$ -	$ 10,700	$ 2,178,100
Salaries, benefits, and payroll taxes	2,436,797	261,315	371,199	97,781	3,167,092	2,151,224	192,035	2,343,259	5,510,351
Professional services	1,018,059	98,481	98,834	-	1,215,374	446,585	15,420	462,005	1,677,379
Property operating expenses	-	-	14,264	-	14,264	-	-	-	14,264
Property taxes on investment property	-	-	24,201	-	24,201	-	-	-	24,201
Advertising and public relations	520	-	-	-	520	-	-	-	520
Office expenses	79,812	27,382	15,084	6,287	128,565	53,675	5,319	58,994	187,559
Information technology	145,387	32,882	33,522	15,730	227,521	105,713	12,757	118,470	345,991
Rent and building occupancy	99,596	10,680	15,171	3,996	129,443	87,924	7,849	95,773	225,216
Travel	298,207	31,086	12,655	3,928	345,876	32,915	12,992	45,907	391,783
Conferences, conventions and meetings	548,961	17,978	2,302	233	569,474	60,777	2,421	63,198	632,672
Depreciation expense	18,813	2,017	2,866	755	24,451	16,608	1,483	18,091	42,542
Insurance	4,323	464	659	173	5,619	3,817	341	4,158	9,777
Interest expense	497	53	367,053	20	367,623	439	39	478	368,101
Staff training and development	71,134	2,596	166	-	73,896	61,468	2,616	64,084	137,980
Bad debt expense	-	-	164,266	-	164,266	-	-	-	164,266
Off balance sheet credit losses expense	-	-	125,157	-	125,157	-	-	-	125,157
Federal and state income tax	-	-	1,067	-	1,067	-	-	-	1,067
Other operational costs	-	-	-	-	-	6,736	-	6,736	6,736
Impairment loss	-	-	138,267	-	138,267	-	-	-	138,267
Total expenses	$ 6,889,506	$ 484,934	$ 1,386,733	$ 128,903	$ 8,890,076	$ 3,038,581	$ 253,272	$ 3,291,853	$ 12,181,929

National Association for Latino Community Asset Builders

Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	Programs					Support services			
	Organizational Capacity Building	Policy and Field-Building	Lending and Asset Management	Membership	Total	Management and general	Fundraising	Total	Grand total
Grants	$ 1,241,000	$ 33,500	$ -	$ -	$ 1,274,500	$ -	$ -	$ -	$ 1,274,500
Salaries, benefits, and payroll taxes	2,029,374	291,093	391,690	75,369	2,787,526	1,555,131	188,899	1,744,030	4,531,556
Professional services	1,001,476	18,115	51,071	-	1,070,662	426,647	1,980	428,627	1,499,289
Property operating expenses	-	-	107,032	-	107,032	-	-	-	107,032
Property taxes on investment property	-	-	22,947	-	22,947	-	-	-	22,947
Advertising and public relations	450	-	-	-	450	5,295	-	5,295	5,745
Office expenses	67,445	16,003	19,593	4,196	107,237	34,206	5,243	39,449	146,686
Information technology	83,591	26,505	15,297	3,074	128,467	54,662	9,700	64,362	192,829
Rent and building occupancy	58,249	8,355	11,243	2,163	80,010	44,637	5,422	50,059	130,069
Travel	242,690	24,584	7,610	3,394	278,278	47,528	10,544	58,072	336,350
Conferences, conventions and meetings	422,973	6,796	1,457	106	431,332	26,599	360	26,959	458,291
Depreciation expense	20,208	2,899	18,531	751	42,389	15,486	1,881	17,367	59,756
Insurance	3,769	541	727	140	5,177	2,888	351	3,239	8,416
Interest expense	503	72	211,481	19	212,075	386	47	433	212,508
Staff training and development	24,261	5,718	1,438	645	32,062	77,334	10,339	87,673	119,735
Bad debt expense	-	-	69,271	-	69,271	-	-	-	69,271
Federal and state income tax	-	-	900	-	900	-	-	-	900
Total expenses	$ 5,195,989	$ 434,181	$ 930,288	$ 89,857	$ 6,650,315	$ 2,290,799	$ 234,766	$ 2,525,565	$ 9,175,880

See Notes to Consolidated Financial Statements.

National Association for Latino Community Asset Builders

Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flow from operations		
Change in net assets	$ 4,252,071	$ 1,288,693
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	42,542	59,756
Amortization of debt issuance costs	1,123	1,123
Unrealized gain on investments	(73,761)	(45,251)
Gain on sale of land held for investment	(525,190)	-
Impairment loss	138,267	-
Off balance sheet credit losses expense	125,157	-
Bad debt expense	164,266	69,271
(Increase) decrease in assets		
Receivables	321,631	(27,688)
Grants receivable	(1,508,500)	1,750,000
Accrued interest receivable	31,371	(161,447)
Federal income tax refund receivable	(2,500)	580
Prepaid expenses	(10,780)	(42,758)
(Decrease) increase in liabilities		
Accounts payable	288,214	115,654
Grants payable	120,000	(590,000)
Accrued expenses	(10,269)	(28,795)
Accrued interest payable	63,805	(1,534)
Lease liability	5,565	(5,892)
Tenant security deposits held	(6,000)	2,500
Change in deposits	829	(4,150)
Deferred revenue	(2,841)	1,772
Net cash provided by operations	3,415,000	2,381,834
Cash flows from investing activities		
Purchase of investments	-	3,297
Proceeds from investments	430,698	311,694
Purchase of fixed assets	(4,388,962)	-
Proceeds from sale of rental properties	1,131,501	-
Cash used to improve land held for development	-	(6,667)
Loans receivable disbursed	(5,915,092)	(11,046,893)
Loans receivable repaid	2,519,511	1,708,180
Net cash used in investing activities	(6,222,344)	(9,030,389)

National Association for Latino Community Asset Builders

Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from financing activities		
Cash used to pay long-term debt	(152,908)	(551,220)
Proceeds from notes payable	6,425,000	8,500,000
Net cash provided by financing activities	6,272,092	7,948,780
Increase in cash, cash equivalents, and restricted cash	3,464,748	1,300,225
Cash, cash equivalents, and restricted cash at beginning of year	25,041,761	23,741,536
Cash, cash equivalents, and restricted cash at end of year	$ 28,506,509	$ 25,041,761
Supplemental disclosures		
Cash paid for interest	$ 303,173	$ 212,919

See Notes to Consolidated Financial Statements.

Note 1 - Nature of organization

The National Association for Latino Community Asset Builders ("NALCAB") is a nonprofit exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and a US Treasury-certified Community Development Financial Institution ("CDFI"). NALCAB's mission is to strengthen the economy by advancing economic mobility in Latino communities. NALCAB was formed in 2002 to be the national leader and catalyst that builds the capacity of Latino community development corporations to invest and direct capital that creates family and community assets.

Through its national network of member organizations and key allies, NALCAB strengthens and coordinates the capacity of geographically and ethnically diverse Latino-led community development corporations ("CDCs"), community development financial institutions ("CDFIs"), and other community-based organizations to attract and deploy capital. NALCAB lends, grants money, and provides development services to network members. It also influences investors and policymakers with research, advocacy, and technical advice. NALCAB's members serve tens of thousands of low and moderate-income people annually through affordable housing projects, small business loans, economic development strategies, consumer financial education, and other wealth-building products and services.

Escalera Community Investments, LLC, NALCAB's wholly-owned subsidiary, manages NALCAB's social investment funds to further its mission.

NALCAB organizes its mission-driven activities into the following program areas.

Organizational Capacity Building
The Organizational Capacity Building Program builds the systems and capacity of NALCAB Network members, other nonprofits, and units of government to implement programs and projects that ultimately advance economic mobility in low- and moderate-income communities. The program provides development services to organizations that may potentially borrow from NALCAB (see description of lending below) and assists organizations in securing capital investment from other sources.

NALCAB implements this work through grant-making, technical assistance, training, and the facilitation of peer-to-peer collaboration. NALCAB provides culturally-relevant training to practitioners in the field of community and economic development by hosting an annual National Training, presenting educational webinars throughout the year, and conducting the Pete Garcia Community Economic Development Fellowship Program which prepares next-generation leaders and the Latino Executive Advancement & Development ("LEAD") Fellowship program, NALCAB's executive-level leadership program designed for Presidents, CEOs, and Executive Directors of nonprofit organizations focused on economic asset building.

Since 2007 NALCAB has made grants of over $31 million to nonprofit organizations and utilized over $18 million (unaudited) in federal funding ("US HUD" and "SBA") to provide technical assistance to nonprofits and local/state government agencies (urban and rural). Since 2008, member organizations have secured more than $479 million (unaudited) for their programs as a direct result of NALCAB's support. NALCAB has also provided culturally-relevant training to over 4,642 (unaudited) practitioners and graduated 205 (unaudited) Fellows from the Pete Garcia Fellowship.

The Organization Capacity Building Program accounted for approximately 78% and 78%, respectively, of total program expenditures for the years ended December 31, 2024 and 2023.

Policy and Field-Building
The Policy and Field-Building Program includes research, policy education, and advocacy efforts aimed at influencing private, philanthropic, and governmental investors to responsibly meet the asset-building needs and opportunities in low- and moderate-income communities.

NALCAB has published numerous reports on topics including small business lending in Latino communities, housing vulnerability and neighborhood change, urban and rural low and moderate income communities, and place-based economic development. NALCAB also engages in multiple partnerships in the community development and impact investing fields and supports the policy advocacy efforts of member organizations at the local, state, and federal levels.

The Policy and Field-Building Program accounted for approximately 6% and 7%, respectively, of total program expenditures for the years ended December 31, 2024 and 2023.

Lending and Asset Management
NALCAB lends to member organizations to support the liquidity of nonprofit small business lenders and to support the work of nonprofit affordable housing developers. NALCAB's lending is supported by funding from private philanthropies and the CDFI Fund, as well as specialized funding from US HUD to make loans to rural affordable housing organizations.

Through Escalera Community Investments, LLC, NALCAB'S wholly-owned asset management company, NALCAB controls the NALCAB Catalyst Fund I, LLC ("NCF I") a real estate-focused social impact fund established to preserve and produce housing opportunities affordable to low-income and minority individuals. It targets investments in single- and multi-family projects that provide households with access to employment, quality education, and health care resources, all essential factors for advancing economic mobility. NCF I operates a portfolio of affordable residential rental housing in San Antonio and Houston, Texas, engages in residential real estate development and lends to nonprofit affordable housing organizations.

NALCAB also controls the Acceso Loan Fund, LLC ("Acceso"), a national small business loan fund created to primarily support growth-oriented lending to minority-owned businesses nationwide through a network of Latino-led nonprofit business lenders. Acceso helps diverse entrepreneurs in underserved minority business communities scale to a larger size - expanding their revenue, impact on the economy, and ability to provide jobs.

Lending and Asset Management activities accounted for approximately 15% and 14% of total program expenditures for the years ended December 31, 2024 and 2023, respectively.

Membership
Membership comprises NALCAB's overall member recruitment, outreach, dues collection, and stewardship activities. In December of 2021, NALCAB hired a dedicated Membership Manager to recruit new members, manage existing members, and ensure that dues were paid and renewed in a timely manner. In addition to this, manager, program and leadership staff engage with NALCAB members in a variety of ways throughout the year. Membership activities can include technical assistance or troubleshooting provided by the NALCAB team that is outside of a programmatic or grantee engagement. Other costs included in Membership are the client relationship management software and the regional engagements with subsets of members that are located in the same city, state, or region.

Membership activities accounted for approximately 1% and 1% of total program expenditures for the years ended December 31, 2024 and 2023, respectively.

Note 2 - Significant accounting policies

Basis of consolidation

NALCAB's policy is to consolidate its wholly-owned subsidiaries and those entities that are controlled by NALCAB. Investments in partnerships (and limited liability companies treated as partnerships) in which NALCAB has a controlling interest, or in which Escalera is the managing member, and its presumption of control is not overcome, are consolidated. NALCAB also consolidates investments in partnerships it controls through Escalera by contract. The accompanying consolidated financial statements include the following entities within each functional area.

NALCAB

NALCAB is the entity responsible for carrying out all activities under the Organizational Capacity Building Program, the Policy and Field Building Program, and the CFDI lending activity accounted for in the Lending and Asset Management functional area.

Escalera's management activities are consolidated under the Lending and Asset Management functional area.

NALCAB Catalyst Fund I, LLC

The NALCAB Catalyst Fund I, LLC ("NCF I"), is a partnership that operates a portfolio of affordable residential rental housing, develops affordable housing, and lends to nonprofit affordable housing organizations. Escalera Community Investments is the Managing Member of NCF I. NCF I is owned 29% by NALCAB, 36% by independent nonprofit organizations that identify as NALCAB members, and 35% by other investors.

Property used for rental purposes or development is held in wholly-owned subsidiaries of NCF I, established for the purpose of executing specific investment transactions on its behalf. These subsidiaries include MDYO, LLC and 3010 N. St. Mary's, LLC.

NALCAB Network Investors, LLC

NALCAB Network Investors, LLC ("NNI") is a partnership that was formed prior to the establishment of the NALCAB Catalyst Fund I, LLC to provide seed capital for NCF I, and to acquire and warehouse investments for the benefit of NCF I before its launch. NNI is owned by NALCAB and three nonprofit CDFI partners. Substantially all assets of NNI are invested in the NALCAB Catalyst Fund I, LLC.

Acceso Loan Fund I, LLC

The Acceso Loan Fund I, LLC ("Acceso") is a partnership that makes loans to small businesses in underserved minority business communities. It is owned equally by NALCAB and eleven CDFI NALCAB Network members, and it is managed by Escalera Community Investments. Acceso was in operation during 2024 and 2023. In response to the COVID-19 pandemic, Acceso made short-term, very low-interest loans to members who are eligible lenders under the federal Paycheck Protection Program to support their lending to underserved small businesses. Acceso will now refocus in small business lending via loan participations.

Consolidation

The consolidated financial statements include the assets, liabilities, net assets and financial activities of the entities described above.

The interests owned by NALCAB member organizations and unaffiliated investors are referred to in the accompanying consolidated financial statements as the noncontrolling interest and represent

various investor members' proportionate share of equity and net results from operations. Except as otherwise specified in the operating agreements, all items of income, expense, gain, loss, tax credits, tax preferences and cash are allocated to the partners based upon their ownership percentage. All material intercompany transactions and accounts have been eliminated in consolidation. The consolidated statements of activities report all changes in net assets, including changes in net assets without donor restrictions.

Financial statement presentation
The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("GAAP"), including current pronouncements applicable to nonprofit organizations.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, NALCAB's net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions attributable to NALCAB - Net assets that are the remaining part of NALCAB's net assets that do not have donor-imposed stipulations.

Net assets without donor restrictions attributable to noncontrolling interests - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions attributable to noncontrolling interests consist of assets and contributions available for the support of Fund investments that are attributable to the ownership interests of third-party investors in those properties.

Net assets with donor restrictions - Net assets that result from contributions and other inflow of assets that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of NALCAB pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as income with donor restrictions and as net assets released from restrictions.

Loans to Customers
NALCAB utilizes a loss rate approach in determining its lifetime expected credit losses on its loans to customers. This method is used for calculating an estimate of losses based primarily on the NALCAB's historical loss experience. In determining its loss rates, NALCAB evaluates information related to its historical losses, adjusted for current conditions and for the period of time that we can reasonably forecast. For the period of time beyond which NALCAB can reasonably forecast the Company applies immediate reversion based on the facts and circumstances as of the reporting date. NALCAB has concluded that it can reasonably support a forecast period of all loan segments for two years after the statement of position date.

Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all of the following: the borrower's creditworthiness, changes in lending policy and procedures, changes in nature and volume of the loan portfolio and in the terms of loans, changes in experience, ability and depth of lending management and staff, changes in the quality of the loan review system, changes in the value of underlying collateral for collateral-dependent loans, existence and effect of any concentration of credit and changes in the level of such concentrations, effect of other external forces such as competition, legal and regulatory

requirements on the level of estimated credit losses in the existing portfolio, and the current and forecasted direction of the economic and business environment. Such forecasted information includes: GDP growth, unemployment rates, interest rates and house price indexes amongst others.

NALCAB engages in a variety of lending activities, including small business, Community Facilities and affordable housing. NALCAB focuses its lending activities on nonprofit organizations and minority owned businesses.

Credit Quality Indicators
NALCAB pools its loans based on the internal credit risk grading process. Internal credit risk grading process includes a process that evaluates, among other things: (i) the borrower's ability to repay; (ii) the underlying collateral, if any; and (iii) the economic environment and industry in which the borrower operates.

The Company has a process where 100% of loan relationships are reviewed at least annually to determine if there is a change in the risk rating. This also include consideration with regulatory classifications and considers the following risk characteristics:

- 1 Extremely High Quality - Excellent financial condition and collateral coverage. No identifiable risk of loss.

- 2 Very Strong Quality - Excellent financial condition and collateral coverage. No identifiable risk of loss but lower in one or two aspects than loans graded as 1.

- 3 Above Average - Good financial condition, with few, if any, below average characteristics. Most loans in this category, if measured purely on a risk-of-loss bases, would be considered above average.

- 4 Average - Showing average financial condition. Most loans in this category, if measured purely on a risk-of-loss bases, would be considered above average due to "average" financial condition but strong collateral coverage.

- 5 Watch - Showing average financial condition but may be susceptible to changing economic conditions. Normal comfort levels can be achieved through monitoring financial statements and collateral coverage.

- 6 Special Mention - Borrowers' risk is of minor concern, meets repayment terms but may be susceptible to changing economic conditions. Normal comfort levels can be achieved through monitoring financial statements and collateral coverage.

- 7 Substandard - Borrower shows some signs of serious difficulty and/or collateral coverage, may be slow paying or the loan has various lower quality characteristics.

- 8 Doubtful - Strong potential for some loss with clear inferior financial and collateral coverage conditions.

- 9 Loss - Very weak in both financial condition and collateral values. Any loan rated in this category would likely be a loss at least to the extent that the total loan amount exceeds the collateral value of collateral.

Allowance for loan losses
NALCAB recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the statement of position date. Such allowance is based on the credit losses expected to arise over the life of the asset (contractual term) which includes consideration of prepayments and based on the NALCAB's expectations as of the statement of position date. Assets are written off when the NALCAB determined that such financial assets are deemed uncollectible or based on regulatory requirements, whichever is earlier. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the statement of position sheet date.

Unfunded loan commitments
NALCAB also has off-balance sheet financial instruments, which include unfunded loan commitments that NALCAB has determined is not unconditionally cancellable. NALCAB minimizes these risks through underwriting guidelines and prudent risk management techniques. As of December 31, 2024, NALCAB had $746,034 in loan commitments pending.

NALCAB records a liability for losses on unfunded commitments on loans receivable. The liability is calculated in the same manner as the allowance for loan losses on loans receivable, adjusted for the likelihood that funding will occur. The liability is reported as a component of accounts payable and accrued expenses on the consolidated statements of financial position and adjusted through the provision for loan losses, which is recorded to expense. There was no provision for loan losses for commitments for the year ended December 31, 2024.

Accounts and grants receivable
Receivables are carried at original invoice amounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for receivables. Management believes all amounts included in accounts and grants receivable to be collectible. Accordingly, there is no provision for credit losses related to grants and accounts receivable as of December 31, 2024 and 2023.

Contributions and revenue recognition
NALCAB recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of NALCAB's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures have been incurred in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position.

Functional expenses
NALCAB's costs for programs, supporting services, and equity fund investments have been reported on a functional basis. This requires the allocation of certain common expenses among the various programs, supporting services and equity fund investments based on estimates made by management. Management has allocated the common expenses on the basis of direct labor charged to each functional area. For purposes of the consolidated statements of functional

expenses, program services include all direct program expenses plus allocated common expenses determined by management to benefit programs operated by NALCAB.

Deferred revenue
Income drawn from grant awards and not expensed is deferred and will be recognized in the periods in which expenses for the grant are incurred. Funds received in advance of performing fee-for-service contracts are deferred and will be recognized as revenue when the services are performed.

Syndication and organization costs
Syndication costs represent costs incurred for the preparation and offering of the private placement memorandum for NCF I. These costs are reflected as a direct reduction of partners' capital. Organization costs represent costs incident to the creation of the LLC and the preparation of the Operating Agreement. Approximately $75,000 was incurred for syndication and organization costs in the initial year of the NCF I.

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

Income taxes
NALCAB Catalyst Fund I, LLC, NALCAB Network Investors, LLC, and Acceso Loan Fund, LLC, are limited liability companies that have elected to be treated as partnerships for federal income tax purposes, and all taxable income and losses are allocated to the partners.

NALCAB qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and, therefore, is not subject to income tax. Certain unrelated business income, as defined in the IRC, is subject to federal income tax. For the years ended December 31, 2024 and 2023, NALCAB had unrelated business income of $34,421 and $15,510, respectively. These consolidated financial statements do not reflect a provision for income taxes, and NALCAB has no other tax positions which must be considered for disclosure. Income tax returns filed by NALCAB are subject to examination by the Internal Revenue Service for three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2021 remain open.

Cash, cash equivalents and restricted cash equivalents
Cash represents cash deposits held at financial institutions. Cash equivalents and restricted cash equivalents include short-term highly-liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less and are held for meeting short-term liquidity requirements, rather than for investment purposes. Cash equivalents and restricted cash equivalents include money market mutual funds that are recorded at fair value. These funds are held at major financial institutions and are subject to credit risk to the extent those balances exceed applicable FDIC or SIPC limitations. Restricted cash equivalents consist of funds held for lending activity.

Investments
This classification includes government and corporate bonds, certificates of deposit and money market funds. Investments in marketable securities are reported at fair value.

Property and equipment
Property and equipment is stated at cost at date of acquisition or fair value at the date of gift. All items over $2,500 are capitalized. Depreciation on equipment is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Land	None
Building and improvements	15 - 40 years
Land improvements	15 - 20 years
Furniture, fixtures, and equipment	5 - 12 years

Property under development
Property under development is recorded using the cost method. Costs associated with the acquisition, development and construction of property including property taxes, interest and insurance, are capitalized as a cost of the property. Property under development consists of costs to develop affordable single-family homes or rental units in buildings that may also include retail or commercial space.

Impairment of long-lived assets
NALCAB reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2024 and 2023.

Leases
NALCAB determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. NALCAB recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The ROU asset is measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Debt issuance costs
Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage and notes payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Reclassifications
Reclassifications have been made to the prior year balances to conform to the current year presentation.

Note 3 - Liquidity and availability

NALCAB and its consolidated entities have the following financial assets available within one year of the consolidated statements of financial position date to meet cash needs for general expenditures and investments as follows:

	2024	2023
Cash and cash equivalents	$ 15,945,436	$ 16,024,480
Restricted cash and cash equivalents	12,559,793	9,009,980
Investments, current	1,381,392	1,387,638
Receivables	237,965	559,596
Grant receivables	3,423,500	1,590,000
Notes receivable, current	1,907,203	1,715,081
Accrued interest and dividends receivable	187,858	219,229
Federal income tax receivable	2,500	-
Total financial assets available within one year	35,645,647	30,506,004
Less net assets with donor restrictions	11,322,155	9,986,474
Total financial assets available to management for general expenditures within one year	$ 24,323,492	$ 20,519,530

Long-term assets and amounts related to restricted deposits and promises to give anticipated to be used more than one year after the consolidated statements of financial position date have been excluded from the above amounts.

Financial assets of the consolidated entities are intended to be sufficient to meet their general expenditures, liabilities and other obligations as they become due.

Lines of credit in the amount of $2,500,000 are also available.

Note 4 - Cash and restricted cash

NALCAB and its affiliates maintain cash in bank deposit accounts which may, at times, exceed federally insured limits. NALCAB has not experienced any losses in such accounts and it monitors the credit-worthiness of the financial institutions with which it conducts business. Management does not perceive any significant credit risk on its cash, cash equivalents and other deposits during years ended December 31, 2024 and 2023. Restricted cash and cash equivalents are used for lending and specific expenditures related to grants.

Note 5 - Fair value measurements

ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. ASC 820-10 defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 - Inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets may include securities that are traded in an active exchange market, or actively traded over-the-counter markets.

Level 2 - Valuation is based on directly or indirectly observable inputs other than quoted prices included within Level 1 such as: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or inputs other than quoted prices that are observable or can be corroborated to observable market data for substantially the full term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs for the asset or liability. Level 3 assets may include financial instruments whose value is determined using pricing models with internally developed assumptions, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Federal agency bonds - The fair values of federal agency bonds are determined using the spread above the risk-free yield curve, which is developed with observable market inputs. The fair value of agency bonds is included in the Level 2 fair value hierarchy.

Treasury notes - The fair value of federal treasury notes is based on quoted market prices in active markets and is included in the Level 1 fair value hierarchy.

Money Market Mutual Funds - Valued at the daily closing price as reported by the fund. The money market mutual fund held by NALCAB is an open-end mutual fund that is registered with the Securities and Exchange Commission. This fund is required to publish its daily net asset value ("NAV") and to transact at that price. These funds are included in cash and cash equivalents on the consolidated statements of financial position.

The following table sets forth by level within the fair value hierarchy, NALCAB's investments as of December 31, 2024:

	Level 1	Level 2	Level 3	Total Fair Value
Treasury notes	$ 1,381,392	$ -	$ -	$ 1,381,392
Money market mutual funds	14,421,693	-	-	14,421,693
Total	$ 15,803,085	$ -	$ -	$ 15,803,085

The following table sets forth by level within the fair value hierarchy, NALCAB's investments as of December 31, 2023:

	Level 1	Level 2	Level 3	Total Fair Value
Treasury notes	$ 1,738,329	$ -	$ -	$ 1,738,329
Money market mutual funds	13,448,038	-	-	13,448,038
Total	$ 15,186,367	$ -	$ -	$ 15,186,367

Note 6 - Receivables

Receivables and promises to give consist of the following:

	2024	2023
Federal grants	$ 37,965	$ 345,225
Foundations	3,423,500	1,915,000
Other organizations	200,000	214,371
Total	$ 3,661,465	$ 2,474,596

NALCAB considers these accounts receivable to be fully collectible. Therefore, no allowance for doubtful accounts is reported. Management deems the discount to fair value to be immaterial. Future maturities of receivables and promises to give are estimated as follows:

2025	$ 3,436,465
2026	225,000
Total	$ 3,661,465

Note 7 - Notes receivable

Notes receivable outstanding carry interest which varies from 0 percent to 9 percent. The interest rates charged to borrowers are below or at market levels at the date of the loan. Repayment terms of 10 years or less are arranged to accommodate the needs of the borrowing organization.

	2024	2023
Loans receivable - beginning of year	$ 14,902,857	$ 5,564,144
Loan funds advanced to borrowers	5,231,081	11,046,893
Loan portfolio purchased	684,011	-
	20,817,949	16,611,037
Loan principal repayments	(2,519,511)	(1,708,180)
Direct write-offs	(22,303)	-
Loans receivable - end of year	18,276,135	14,902,857
Less allowance for doubtful accounts	(254,234)	(112,271)
Less current portion	(1,907,203)	(1,715,081)
Long-term note receivables	$ 16,114,698	$ 13,075,505

NALCAB determines the allowance for loan loss provision based on prior years of experience and management's analysis of each individual loan. NALCAB reviews each loan and assigns a reserve amount to each loan based on a risk rating. The following table summarizes the risk ratings of NALCAB's loan portfolio:

Level	Loan loss reserve
1 - Extremely high quality	0.3%
2 - Very strong quality	0.5%
3 - Above Average	1%
4 - Average	3%
5 - Watch	5%
6 - Special Mention	10%
7 - Substandard	25%
8 - Doubtful	50%
9 - Loss	75%

The following is a summary of the changes affecting the reserve for loan losses for the years ended December 31:

	2024	2023
Beginning balance	$ 112,271	$ 52,000
Current year's provision	141,963	60,271
Ending balance	$ 254,234	$ 112,271

The table below presents NALCAB's notes according to their risk rating categories as of December 31, 2024 and 2023:

	1 - Extremely high quality	2 - Very strong quality	3 - Above average	4 - Average	Total
December 31, 2024	$ -	$ 11,453,237	$ 2,250,000	$ 4,572,898	$ 18,276,135
December 31, 2023	$ -	$ 9,517,378	$ 4,843,979	$ 541,500	$ 14,902,857

Note 8 - Property and equipment

The property owned by 3010 N St. Mary's LLC was sold on January 5, 2024 for an amount of $1,200,000. This resulted in a gain on sale of $525,190. During the year ended December 31, 2023, the Fund listed the assets of 3010 N St. Mary for sale and as such is reported on the statement of financial position as held for sale.

As of December 31, 2024, the Fund considered the assets of MDYO LLC as held for sale. Management determined that MDYO LLC was impaired and therefore charged an impairment to operations in the amount of $138,267 as of December 31, 2024. No loss was charged to operations for the year ended December 31, 2023.

Property and equipment, partially pledged, consisted of the following at December 31, 2024 and 2023:

NALCAB	2024	2023
Land and land improvements	$ 4,395,425	$ 301,755
Building and improvements	1,322,521	1,026,619
Furniture, fixtures and equipment	223,179	223,179
Total property equipment	5,941,125	1,551,553
Less accumulated depreciation	(512,178)	(469,637)
Total property and equipment	$ 5,428,947	$ 1,081,916

Depreciation expense for the years ended December 31, 2024 and 2023 was $43,151 and $59,756, respectively.

Note 9 - Investment in partnerships

NALCAB received a $6 million grant from the JP Morgan Chase Foundation to form a controlled real estate fund ("NCF I") to produce and preserve affordable housing opportunities that advance economic mobility for low- and moderate-income households in predominately Latino communities. NALCAB made subgrants to three CDFI NALCAB Network members, and together, they contributed $2.6 million to form NALCAB Network Investors, LLC ("NNI"), owned 40% by NALCAB and 20% by each of the other partners. NNI acquired and warehoused one investment for the benefit of NCF I, which formed in May of 2016 and launched on September 23, 2016. NNI and Other Members contributed capital of $2,548,470 and $685,000, respectively, to NCF I as of December 31, 2017, representing the total capital commitments at the time. In 2018, Other Members committed to contributing capital of $960,000 to NCF I. As of December 31, 2019, all capital commitments were funded.

A portion of NNI's capital contributions to NCF I were satisfied through its assignment of a 100% membership interest in 3010 N. St. Mary's, LLC, valued at $630,184.

A total of $75,000 of NALCAB's capital contributions were satisfied in lieu of reimbursement for syndication and organization costs it incurred on behalf of NCF I.

During 2019 NALCAB received a $10 million grant from the Wells Fargo Foundation to form a national small business loan fund to support growth-oriented lending to minority-owned businesses nationwide through a network of Latino-led nonprofit business lenders. NALCAB made subgrants to eleven NALCAB Network CDFIs, and together, they formed the Acceso Loan Fund, LLC, owned equally by each of the partners. In 2020, NALCAB and the other CDFI members contributed $10,000,000 to Acceso to fund the partnership's initial capitalization.

Note 10 - Related party transactions

NALCAB considers Escalera Community Investments, LLC, the NALCAB Catalyst Fund I, LLC, NALCAB Network Investors, LLC, the Acceso Loan Fund, LLC, members of management, boards or committees, members of their immediate families, and entities under common control to be related parties. Amounts due from and due to related parties are generally settled in the normal course of business without formal payment terms.

In the ordinary course of business, NALCAB provided grants to member organizations who have representation on the Board of NALCAB. During the year ended December 31, 2024, grants to member organizations amounted to $203,600. During the year ended December 31, 2023, grants to member organizations amounted to $48,000.

In connection with the management of the NALCAB Catalyst Fund, LLC, and NALCAB Network Investors, LLC, as of December 31, 2024 and 2023, Escalera was paid management fees of $22,967 and $16,942, respectively, and accounting, tax and administrative expenses of $70,632 and $8,114, respectively.

Certain noncontrolling NCF I Members are related parties of NALCAB. The aggregate value of noncontrolling Members' capital owned by related parties for years ended December 31, 2024 and 2023 is $1,419,665 and $743,180, respectively.

Certain noncontrolling Acceso Members are related parties of NALCAB. The aggregate value of noncontrolling Acceso Members' capital owned by related parties for years ended December 31, 2024 and 2023 is $4,480,759 and $3,458,708, respectively.

Note 11 - Federal grants

Federal grants were as follows:

Name of Grant	2024	2023
HUD-Community Compass	$ 536,933	$ 851,991
HUD-Rural Capacity Building	444,746	167,524
SBA Prime	364,512	270,255
Corporation for National and Community Service - VISTA	115,303	159,154
CDFI Financial Assistance Program	800,000	-
CDFI Equitable Recovery Program	-	727,126
Minority Business Resource Development	847,418	719,458
NeighborWorks America	50,000	50,000
Total federal grant support	$ 3,158,912	$ 2,945,508

Note 12 - Retirement plan

NALCAB has a 401(k) retirement plan that matches up to 5% for all eligible employees who contribute. For the years ended December 31, 2024 and 2023 contributions made to the plan were $121,619 and $97,055, respectively.

Note 13 - Concentration of credit risk

Financial instruments which potentially subject NALCAB to credit risk consist principally of cash accounts and accounts receivable. NALCAB places its cash accounts at highly rated local banks and they may at times exceed the federally insured limit of $250,000.

Historically, NALCAB has not incurred any significant credit related losses.

Note 14 - Net assets

Net assets without donor restrictions at December 31, 2024 and 2023 consist of the following:	December 31, 2024	December 31, 2023
Undesignated	$ 5,360,140	$ 4,284,455
Designated by the Board:		
Rural Loan Fund	1,369,571	1,369,571
Lending	1,215,195	1,215,195
Small Business Loan Guarantees	2,350,000	1,450,000
Reserved for loan losses	250,000	-
Total net assets without donor restrictions	10,544,906	8,319,221
Net assets with donor restrictions at December 31, 2024 and 2023 consist of the following:		
Subject to expenditure for specified purpose:		
Non-Federal		
Community Economic Development and Lending	9,609,345	8,798,090
Federal		
Community Economic Development and Lending	1,712,810	1,188,384
Total net assets with donor restrictions	11,322,155	9,986,474
Total net assets	$ 21,867,061	$ 18,305,695

Note 15 - Notes payable

Loans payable are general obligations of NALCAB from various institutional investors. Of the total, $4,943,097 is secured by real property. As of December 31, 2024, the interest rate on outstanding subordinated notes was between 1.00 percent and 3.25 percent. Loans payable had maturity dates between 2026 and 2037. The aggregate annual maturities of the notes payable over each of the next five years and thereafter are as follows:

2025	$ 53,532
2026	6,320,334
2027	3,057,197
2028	2,059,121
2029	2,561,109
Thereafter	7,169,072
Total	$ 21,220,365

The following is a summary of the activity in the notes payable accounts for years ended December 31:

	2024	2023
Loans outstanding - beginning of year	$ 14,961,006	$ 7,012,226
Proceeds from new loans	6,425,000	8,500,000
	21,386,006	15,512,226
Principal repayments to investors	(152,908)	(551,220)
Unamortized debt issuance costs	(12,733)	(13,856)
Loans outstanding - end of year	$ 21,220,365	$ 14,947,150

During the years ended December 31, 2024 and 2023, NALCAB had two open lines of credit. NALCAB had a revolving line of credit with Wells Fargo Bank in the amount of $500,000, bearing interest at a floating interest rate, unsecured, which matured in March 2024. During the year ended December 31, 2024, NALCAB opened a line of credit with Bank of America in the amount of $2,500,000. As of December 31, 2024 and 2023, $0 related to the Wells Fargo and Bank of America lines of credit has been drawn on.

Note 16 - Guarantee of debt

Under the Small Business Loan Guarantee (SBLG) Program, NALCAB has issued 174 loan guarantees, covering a total of guaranteed amount $1.61 million, with an outstanding balance at December 31, 2024 of $1.17 million. The guarantees are scheduled to expire at varying dates from 2024 through 2030 or based on conditions within the agreements. Should the organizations default on their loans due to failure to service their debt or violate financial covenants, NALCAB would be required to provide a cash payment pursuant to the guarantee. Based on information gathered as part of its monitoring of risks, NALCAB has assessed the expected credit losses should the organizations not remain current with their debt payments and NALCAB would be required to perform under the guarantee. The amount of expected credit losses as of December 31, 2024 and 2023 was $134,157 and $9,000, respectively.

Note 17 - Lease commitments

NALCAB is the lessee under an office lease with Barr Building, LLC, which provides NALCAB with the right to use the underlying asset. Effective on the Adoption Date of ASC 842 for leases with determinable minimum required payments, NALCAB recognized a ROU asset and related lease obligation. The lease commitment is classified as an operating lease. The lease terminates October 31, 2025, with a remaining lease term of ten months. Lease expense for the years ended December 31, 2024 and 2023 was $113,472 and $70,411, respectively.

The following are NALCAB's contractual obligations for minimum rent payments under the operating lease:

2025	$ 109,348

During the years ended December 31, 2024 and 2023, lease payments included in the measurement of the lease liability total $102,853 and $70,411, respectively, and include fixed payments.

Note 18 - Commercial lease agreements

On August 11, 2023, the fund entered into a commercial lease agreement with The Purple Dragon, INC., an unrelated party, for the rental of the commercial space for a term of two years through September 30, 2024. The lease commenced on August 11, 2023, with the required monthly payments beginning August 11, 2023 in an amount of $2,500. Lease payments of $416 and $10,000 were received during the years ended December 31, 2024 and 2023, respectively. There was no deferred rent receivable at December 31, 2024 and 2023.

Note 19 - Statements of cash flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts in the consolidated statements of cash flows:

	2024	2023
Cash and cash equivalents	$ 15,945,436	$ 16,024,480
Restricted cash and cash equivalents	12,559,793	9,009,980
Tenant and utility deposits	1,280	7,301
Total cash, restricted cash, and cash equivalents shown in the consolidated statements of cash flows	$ 28,506,509	$ 25,041,761

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the properties as required by regulatory authority.

Note 20 - Risk factor

NCF I seeks investment opportunities that offer the possibility of attaining capital appreciation. NCF I intends to make investments in distressed and low-income communities which may, in certain cases, involve certain nonperforming or other distressed assets. These investments may involve a high degree of financial risk and there can be no assurance that NCF I's rate of return objectives will be realized or that there will be any return of capital from these investments. Numerous other risks also arise in distressed communities or in connection with troubled assets. Investments in NCF I are also subject to the general risk inherent in real estate investments, such as operating risks common to the construction and development of real estate, market risks associated with selling or renting property, and occupancy rates of rental property. The value of real property and the ability to generate income from real property is affected by many factors such as general and local economic conditions, energy supplies, the supply of and demand for property of the kind in which NCF I has invested, environmental regulations, changing regulatory and tax environments, federal and local controls and real property tax rates. These factors are beyond NCF I's control, and the likelihood that they may occur cannot be predicted.

Note 21 - Commitments and contingencies

NALCAB participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other organizations. Expenses financed by grants are subject to audit by the appropriate grantor. If expenses are disallowed due to noncompliance with the grant program regulators, NALCAB may be required to reimburse the grantor. As of December 31, 2024 and 2023, significant amounts of grant expenses have not been audited by the grantor agencies, but NALCAB believes that subsequent audits will not have a material effect on the overall financial position of NALCAB.

In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been made in the accompanying consolidated financial statements for such contingencies.

The financial instruments for NALCAB include cash and cash equivalents, accounts receivables, prepaid expenses, other assets, and accounts payable. The carrying amounts reported in the

consolidated statements of financial position approximate fair values because of the short-term maturities of those instruments.

NCF I has provided general indemnifications to Escalera, any affiliate of Escalera, and any person acting on behalf of the Escalera or that affiliate when they act, in good faith, in the best interest of NCF I. NCF I is unable to develop an estimate of the maximum potential amount of future payments that could potentially result from any hypothetical future claim but expects the risk of having to make any payments under these general business indemnifications to be remote.

Note 22 - Subsequent events

NALCAB evaluates subsequent events in accordance with ASC Topic No. 855, *Subsequent Events*. The guidance requires an entity to disclose the date through which subsequent events have been evaluated, as well as whether that date is the date the consolidated financial statements were issued or the date the consolidated financial statements were available to be issued. In preparing these consolidated financial statements, NALCAB has evaluated events and transactions for potential recognition or disclosure through June 26, 2025, the date the consolidated financial statements were available to be issued and concluded that no subsequent events, other than those described below, have occurred that would require recognition in the consolidated financial statements or disclosure is required in the notes to the consolidated financial statements.

In January 2025, NALCAB entered into a contract to sell their current office building. In May 2025, the board voted to dissolve and liquidate NCF 1.

Supplementary Information

National Association for Latino Community Asset Builders

Consolidating Statement of Financial Position
December 31, 2024

Assets	National Association for Latino Community Asset Builders	NALCAB Catalyst Fund I, LLC	NALCAB Network Investors, LLC	Acceso Loan Fund, LLC	Eliminations	Total
Current assets						
Cash and cash equivalents	$ 9,579,944	$ 4,560,968	$ 11,047	$ 1,793,477	$ -	$ 15,945,436
Restricted cash and cash equivalents	4,209,603	-	-	8,350,190	-	12,559,793
Investments, current	1,381,392	-	-	-	-	1,381,392
Receivables	237,965	-	-	-	-	237,965
Grants receivable	3,423,500	-	-	-	-	3,423,500
Notes receivable, current	1,907,203	-	-	-	-	1,907,203
Accrued interest and dividends receivable	133,052	16,594	-	38,212	-	187,858
Prepaid expenses	54,018	-	-	-	-	54,018
Federal income tax receivable	2,500	-	-	-	-	2,500
Deposits	5,080	-	-	-	-	5,080
Receivable from related parties	118,598	-	-	10,419	(129,017)	-
Total current assets	21,052,855	4,577,562	11,047	10,192,298	(129,017)	35,704,745
Property and equipment						
Land and improvements	4,395,425	-	-	-	-	4,395,425
Buildings and improvements	1,322,521	-	-	-	-	1,322,521
Furniture and equipment	223,179	-	-	-	-	223,179
Total property and equipment	5,941,125	-	-	-	-	5,941,125
Less accumulated depreciation	(512,178)	-	-	-	-	(512,178)
Net property and equipment	5,428,947	-	-	-	-	5,428,947
Other assets						
Notes receivable, net	15,464,888	-	-	649,810	-	16,114,698
Property held for sale	-	399,000	-	-	-	399,000
Right of use asset, net	87,606	-	-	-	-	87,606
Investment in NALCAB Network Investors, LLC	1,209,922	-	-	-	(1,209,922)	-
Investment in NALCAB Catalyst Fund I, LLC	211,665	-	3,021,950	-	(3,233,615)	-
Investment in Acceso Loan Fund, Inc.	896,156	-	-	-	(896,156)	-
Total other assets	17,870,237	399,000	3,021,950	649,810	(5,339,693)	16,601,304
Total assets	$ 44,352,039	$ 4,976,562	$ 3,032,997	$ 10,842,108	$ (5,468,710)	$ 57,734,996
Liabilities and Net Assets						
Current liabilities						
Accounts payable	$ 591,741	$ 24,201	$ -	$ -	$ -	$ 615,942
Grants payable	330,000	-	-	-	-	330,000
Accrued expenses	82,948	-	-	375	-	83,323
Liability for off balance sheet credit losses	134,157	-	-	-	-	134,157
Current portion of long-term debt	53,532	-	-	-	-	53,532
Current portion of lease liability	109,348	-	-	-	-	109,348
Intercompany payable	16,419	16,494	8,194	87,911	(129,018)	-
Total current liabilities	1,318,145	40,695	8,194	88,286	(129,018)	1,326,302
Long-term debt, net of current portion	21,166,833	-	-	-	-	21,166,833
Total liabilities	22,484,978	40,695	8,194	88,286	(129,018)	22,493,135
Net assets						
Net assets, attributable to NALCAB Without donor restrictions	21,867,061	1,744,462	1,389,499	896,155	(4,030,116)	21,867,061
Total net assets attributable to NALCAB	21,867,061	1,744,462	1,389,499	896,155	(4,030,116)	21,867,061
Net assets, attributable to non-controlling interests - without donor restrictions	-	3,191,405	1,635,304	9,857,667	(1,309,576)	13,374,800
Total net assets	21,867,061	4,935,867	3,024,803	10,753,822	(5,339,692)	35,241,861
Total liabilities and net assets	$ 44,352,039	$ 4,976,562	$ 3,032,997	$ 10,842,108	$ (5,468,710)	$ 57,734,996

See Independent Auditor's Report.

National Association for Latino Community Asset Builders

Consolidating Statement of Activities and Changes in Net Assets
Year Ended December 31, 2024

	National Association for Latino Community Asset Builders	NALCAB Catalyst Fund I, LLC	NALCAB Network Investors, LLC	Acceso Loan Fund, LLC	Eliminations	Total
Public support and other operating revenue:						
Contract and grants from:						
Federal grants	$ 3,158,912	$ -	$ -	$ -	$ -	$ 3,158,912
Other contributions and grants	10,437,745	-	-	-	-	10,437,745
Satisfaction of use restriction	9,744,319	-	-	-	-	9,744,319
Change in net assets with donor restrictions	(9,744,319)	-	-	-	-	(9,744,319)
Total contracts and grants funding	13,596,657	-	-	-	-	13,596,657
Program service revenue	339,200	-	-	-	-	339,200
Management fees	93,599	-	-	-	(93,599)	-
Rental income	43,341	6,338	-	-	-	49,679
Interest and dividend income	1,109,822	214,476	-	525,215	-	1,849,513
Gain on sale of investment	-	525,190	-	-	-	525,190
Unrealized gain on investments	73,761	-	-	-	-	73,761
Income (loss) from subsidiaries and affiliates	182,176	-	320,889	-	(503,065)	-
Total support and revenues	15,438,556	746,004	320,889	525,215	(596,664)	16,434,000
Expenses						
Organizational Capacity Building	6,889,506	-	-	-	-	6,889,506
Policy and Field-Building	484,934	-	-	-	-	484,934
Lending and Asset Management	1,081,994	247,280	3,530	147,528	(93,599)	1,386,733
Membership	128,903	-	-	-	-	128,903
Supporting services:						
Management and general	3,038,581	-	-	-	-	3,038,581
Fundraising	253,272	-	-	-	-	253,272
Total expenses	11,877,190	247,280	3,530	147,528	(93,599)	12,181,929
Change in net assets	3,561,366	498,724	317,359	377,687	(503,065)	4,252,071
Net assets, beginning of period	18,305,695	4,437,143	2,707,444	10,376,135	(4,836,627)	30,989,790
Net assets, end of period	$ 21,867,061	$ 4,935,867	$ 3,024,803	$ 10,753,822	$ (5,339,692)	$ 35,241,861
Change in net assets, attributable to NALCAB						
Net assets, beginning of period	$ 18,305,695	$ 1,268,328	$ 1,082,977	$ 864,682	$ (3,215,987)	$ 18,305,695
Change in net assets	3,561,366	476,134	306,522	31,473	(814,129)	3,561,366
Net assets, end of period	21,867,061	1,744,462	1,389,499	896,155	(4,030,116)	21,867,061
Change in net assets, attributable to noncontrolling interests						
Net assets, beginning of period	-	3,168,815	1,624,467	9,511,453	(1,620,640)	12,684,095
Change in net assets	-	22,590	10,837	346,214	311,064	690,705
Net assets, end of period	-	3,191,405	1,635,304	9,857,667	(1,309,576)	13,374,800
Total net assets	$ 21,867,061	$ 4,935,867	$ 3,024,803	$ 10,753,822	$ (5,339,692)	$ 35,241,861

See Independent Auditor's Report.

Single Audit Compliance Information

National Association for Latino Community Asset Builders

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Federal Grant Number	Provided to Subrecipients	Total Federal Expenditures
Department of Housing and Urban Development				
Rural Capacity Building for Community Development and Affordable Housing Grants	14.265	B-22-RCB-NAL-01	$ 70,000	$ 444,747
Total Rural Capacity Building			70,000	444,747
Community Compass Technical Assistance and Capacity Building	14.259	G-16-TA-TX-0010	-	115,301
Community Compass Technical Assistance and Capacity Building	14.259	D-17-TA-TX-0010	-	40
Community Compass Technical Assistance and Capacity Building	14.259	C-18-TA-TX-0010	-	115,892
Community Compass Technical Assistance and Capacity Building	14.259	D-18-TA-TX-0010	-	12,196
Community Compass Technical Assistance and Capacity Building	14.259	C-19-TA-TX-0010	-	22,918
Community Compass Technical Assistance and Capacity Building	14.259	C-20-TA-TX-0010	-	178,825
Community Compass Technical Assistance and Capacity Building	14.259	B-20-TA-TX-0010	-	39,989
Community Compass Technical Assistance and Capacity Building	14.259	C-21-TA-TX-0010	-	161,152
Community Compass Technical Assistance and Capacity Building	14.259	C-23-TA-TX-0010	-	5,922
Total Community Compass			-	652,235
Total Department of Housing and Urban Development			70,000	1,096,982
Small Business Administration				
Prime Technical Assistance	59.050	SBAOCAPR230113-01-00	102,800	364,512
Total Small Business Administration			102,800	364,512
Department of Commerce				
Minority Business Resource Development	11.802	MB22OBD8020265	490,000	847,418
Total Department of Commerce			490,000	847,418
Department of Treasury				
Community Development Financial Institutions Program	21.020	211FA057429	-	431,258
CDFI Equitable Recovery Program	21.033	22ERP061613	-	13,638
NeighborWorks America	21.U01	R-NONEXT-2023-73128	-	30,000
NeighborWorks America	21.U01	R-NONEXT-2024-74696	-	679
Total Department of Treasury			-	475,575
Total Expenditures of Federal Awards			$ 662,800	$ 2,784,487

See Notes to Schedule of Expenditures of Federal Awards.

National Association for Latino Community Asset Builders

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of NALCAB under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of NALCAB, it is not intended to and does not present the financial position, changes in net assets, or cash flows of NALCAB.

Note 2 - Summary of significant accounting policies

Basis of accounting

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

Note 3 - Indirect cost rate

NALCAB has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
National Association for Latino Community Asset Builders

We have audited, in accordance with auditing standards generally accepted in the Unites States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of National Association for Latino Community Asset Builders, which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 26, 2025. The financial statements of certain subsidiaries and affiliates were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these subsidiaries and affiliates.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered National Association for Latino Community Asset Builders' internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of National Association for Latino Community Asset Builders' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of National Association for Latino Community Asset Builders' internal control over financial reporting.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Charlotte, North Carolina
June 26, 2025

Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees
National Association for Latino Community Asset Builders

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited National Association for Latino Community Asset Builders' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on National Association for Latino Community Asset Builders' major federal program for the year ended December 31, 2024. National Association for Latino Community Asset Builders' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, National Association for Latino Community Asset Builders complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of National Association for Latino Community Asset Builders 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of National Association for Latino Community Asset Builders' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding National Association for Latino Community Asset Builders' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of National Association for Latino Community Asset Builders' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of National Association for Latino Community Asset Builders' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

CohnReznick LLP

Charlotte, North Carolina
June 26, 2025

National Association for Latino Community Asset Builders

Schedule of Findings and Questioned Costs
December 31, 2024

A. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes X No
- Significant deficiency(ies) identified? ____ Yes X None reported

Noncompliance material to financial statements noted? ____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ Yes X No
- Significant deficiency(ies) identified? ____ Yes X None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

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

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
11.802	Minority Business Development Act

Dollar threshold used to distinguish type A and B programs: $750,000

Auditee qualified as a low-risk auditee? X Yes ____ No

B. Financial Statement Findings

None reported.

C. Federal Award Findings and Questioned Costs

None reported.

CohnReznick

Independent Member of Nexia

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