

**MUELLER FOUNDATION**

**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**MUELLER FOUNDATION  
(A NONPROFIT CORPORATION)**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Mueller Foundation  
Austin, Texas

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Mueller Foundation (the Foundation), a non-profit organization, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mueller Foundation as of December 31, 2024 and 2023 and the changes in net assets and 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

**DRAFT**

Austin, Texas  
November 5, 2025

**MUELLER FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2024 AND 2023**

	<b><u>ASSETS</u></b>	
	2024	2023
Cash and cash equivalents	\$ 1,480,541	\$ 860,564
Accounts receivable	22,733	261,610
Investments (Note 3)	4,727,867	3,926,108
Emergency loan receivables	49,808	29,800
Notes receivable, net of discounts (Note 2)	40,244,262	41,410,859
Total assets	\$ 46,525,211	\$ 46,488,941
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable	\$ 12,117	\$ 28,699
Accrued payroll	21,530	16,248
Accrued refund - community assessment fee on commercial sale to exempt government entity	324,402	-
Total liabilities	358,049	44,947
Net assets without donor restrictions	46,167,162	46,443,994
Total liabilities and net assets	\$ 46,525,211	\$ 46,488,941

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

**MUELLER FOUNDATION  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
Revenue, support and gains:		
Interest income (Note 2)	\$ 914,077	\$ 1,158,942
Community assessment fees	629,045	547,776
Net investment gains	298,420	410,566
Builder affordability fee	104,631	-
Stewardship fees	45,175	28,725
Other income	1,845	33,224
In-kind support (Notes 4 and 5)	7,759	36,059
Total revenue, support and gains	2,000,952	2,215,292
Expenses and losses:		
Affordable housing program	329,830	525,487
Community investment program	30,210	21,975
Management and general	165,384	181,190
Net preservation expenses (Note 2)	1,752,360	1,088,005
Total expenses	2,277,784	1,816,657
Changes in net assets	(276,832)	398,635
Net assets without donor restrictions:		
Beginning of year	46,443,994	46,045,359
End of year	\$ 46,167,162	\$ 46,443,994

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

**MUELLER FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2024**

	Program Services			
	Affordable Housing	Community Investment	Management & General	Total
Salaries, benefits and taxes \$	186,306	\$ 25,210	\$ 89,790	\$ 301,306
Contract personnel	5,985	-	18,024	24,009
Contract administration	39,563	-	-	39,563
Professional & legal	62,096	-	20,316	82,412
Office	-	-	31,538	31,538
Insurance	-	-	5,716	5,716
Program expense	35,880	5,000	-	40,880
 Total expenses	\$ 329,830	\$ 30,210	\$ 165,384	\$ 525,424

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

**MUELLER FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Program Services</u>		<u>Management &amp; General</u>	<u>Total</u>
	<u>Affordable Housing</u>	<u>Community Investment</u>		
Salaries, benefits and taxes \$	180,246	\$ 19,965	\$ 100,387	\$ 300,598
Contract personnel	490	-	18,039	18,529
Contract administration	245,941	-	-	245,941
Professional & legal	67,478	-	32,551	100,029
Office	-	-	24,428	24,428
Insurance	45	-	5,785	5,830
Program expense	<u>31,287</u>	<u>2,010</u>	<u>-</u>	<u>33,297</u>
 Total expenses	 \$ <u>525,487</u>	 \$ <u>21,975</u>	 \$ <u>181,190</u>	 \$ <u>728,652</u>

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

**MUELLER FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Cash flows from (used by) operating activities:		
Changes in net assets	\$ (276,832)	\$ 398,635
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Reinvested interest and dividends, net of fees	(106,307)	(116,445)
Realized and unrealized investment gains	(136,527)	(294,121)
Net gain recognized on disposition of notes receivable	(756,907)	(178,537)
Shared equity on notes sold	(929,245)	(483,150)
Loss recognized on transfer of notes receivable, net to restrictive covenants	2,445,082	1,108,372
Amortization of discount included in interest income	(914,077)	(1,158,942)
(Increase) decrease in accounts receivable	238,877	(233,914)
Decrease in accounts payable	(16,582)	(10,591)
Increase (decrease) in accrued payroll	5,282	16,148
Increase in accrued expenses	<u>324,402</u>	<u>-</u>
Net cash flows used by operating activities	<u>(122,834)</u>	<u>(952,545)</u>
Net cash flows from (used by) investing activities:		
Purchases of investments	(1,352,727)	(828,067)
Proceeds from sales of investments	793,802	900,444
Emergency loan disbursements to AHP residents	(30,008)	(11,000)
Cash repayment of emergency loans	10,000	2,500
Cash received for notes sold	<u>1,321,744</u>	<u>763,480</u>
Net cash flows from investing activities	<u>742,811</u>	<u>827,357</u>
Net increase (decrease) in cash and cash equivalents	619,977	(125,188)
Cash and cash equivalents:		
Beginning of year	<u>860,564</u>	<u>985,752</u>
End of year	<u>\$ 1,480,541</u>	<u>\$ 860,564</u>

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

**MUELLER FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 - FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Foundation and nature of activities:**

The Mueller Foundation (the “Foundation”) is a Texas private, non-profit community development corporation established on July 11, 2007. The Foundation’s mission is to promote sustainable development and support of affordable housing opportunities within the Mueller Master Community Development (Mueller Development) area of the City of Austin, Texas, promote and increase the availability of quality neighborhood schools and lifelong education programs, and create open space, parks and job training programs in the Mueller Development.

The Foundation receives support from three primary sources. The first is an affordable housing contribution which results from a builder’s contractual obligation with Catellus (the “Master Developer”) to pay a contribution to the Foundation upon the purchase of a lot in the Mueller development (builder affordability fee). The second is a community assessment fee which is 0.25% of the transaction price on all property sales (subsequent to the initial property transaction by the Master Developer), both residential and commercial, throughout the Mueller Development, in perpetuity. The third is a shared equity program. Under this program, the Foundation is due a fixed amount of each affordable housing unit sold to an initial purchaser. The amount is recorded as a shared equity note receivable and is repaid upon the earlier of the sale of the home or refinancing after the first lien debt is satisfied. When a house is sold to an initial purchaser, the shared equity note receivable is determined based on a prescribed shared equity percentage of the greater of the appraised value or the actual sales price. The Foundation stopped regularly issuing shared equity notes receivable in 2022 with no further shared equity notes issued after February 2023. During the year ended December 31, 2022, the Foundation implemented use of restrictive covenant agreements as discussed in Note 8.

**Basis of accounting:**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). For financial statement purposes, the Foundation distinguishes between contributions of net assets without donor restrictions and net assets with donor restrictions.

**Estimates:**

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

**Cash and cash equivalents:**

The Foundation considers all highly liquid investments purchased with initial maturities of three months or less to be cash equivalents. The Foundation has cash deposits at financial institutions which, at times, exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits.

**MUELLER FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 - FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Net asset classification:**

The classification of the Foundation's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. Net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Foundation had no net assets with donor restrictions as of December 31, 2024 and 2023.

**Contributions and grants:**

Contributions received, including unconditional promises to give, if any, are reported at their net realizable values. Gifts of cash and other assets are reported with donor restriction if they are received with donor stipulations that limit their use or if they are intended to support activities in future periods. Revenue recognition for grants depends on the terms of the contract.

**Donated services:**

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the year received.

**Functional allocation of expenses:**

The cost of providing affordable housing and community investment program services as well as supporting activities is summarized on a functional expense basis on the accompanying statements of functional expenses. Expenses directly attributable to a specific program or supporting activity of the Foundation are reported as expenses of those functional activities. Contract personnel costs are allocated based on estimated time and effort among specific programs and supporting activity.

**Revenue recognition:**

Revenue is recognized when earned. Community assessment fees, builder affordability fees, and shared equity revenue are recognizable upon a sale of property in the Mueller development and are recorded when the sale occurs. All proceeds from the sale of homes subject to a restrictive covenant (see Note 6) are recognized as program revenue when the sale occurs. Stewardship and consulting fees are recognized at a point in time when such services are provided.

**MUELLER FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 - FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Accounts and emergency loans receivable:** Accounts receivable and emergency loans receivable are considered past due based upon contractual terms of the underlying agreements. Any allowance for credit losses is based on management's retrospective review of billings or loans to receipts in conjunction with consideration of known future conditions for its accounts and emergency loan receivables. Uncollectible amounts are written off when all efforts to collect these receivables have been exhausted. The Foundation considers all accounts receivable and emergency loans receivable to be fully collectible at December 31, 2024 and 2023.

**Notes receivable:** Estimating the current expected credit losses (CECL) reserve on its notes receivable (see Note 2) requires the Foundation to use significant judgment with respect to various factors, including (i) the appropriate historical loan loss reference data, (ii) the expected timing of loan repayments, (iii) calibration of the likelihood of default to reflect the risk characteristics of the Foundation's note agreements and (iv) the Foundation's current and future view of the Austin housing market and economic environment. The Foundation may also consider qualitative factors to estimate its CECL reserve. As of December 31, 2024 and 2023, management determined that no CECL reserve was required for the Foundation's notes receivable.

**Programmatic loans:**

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

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

Based on the criteria above, the second lien real estate notes described in Note 2 are determined to be programmatic loans. The programmatic loans are reported at amortized cost.

**Fair value measurements:**

FASB ASC 820-10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

**MUELLER FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 - FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Fair value measurements - Continued:**

The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 – Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

**Income taxes:**

The Foundation has received an exemption from federal income taxes from the Internal Revenue Service under Internal Revenue Code Section 501(c)(3). In addition, the Foundation has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2024 and 2023.

FASB ASC Section 740 requires extensive disclosures about uncertain tax positions. The requirements of this standard are applicable to nonprofit Foundations. The Foundation evaluates any uncertain tax positions using the provisions of FASB ASC 450. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management’s judgment with respect to the likely outcome of each uncertain tax position.

The Foundation does not believe that it has engaged in any situation that would result in an uncertain tax position. As a result, management does not believe that any uncertain tax positions currently exist and therefore, no loss contingency has been recognized in the accompanying financial statements. The Foundation’s policy is to record any income tax related penalties and interest incurred as general and administrative expense. The Foundation did not incur any income tax related penalties or interest during the years ended December 31, 2024 and 2023.

**MUELLER FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 2 – NOTES RECEIVABLE, SHARED EQUITY AND PRESERVATION EXPENSES**

Prior to April 2023, the Foundation received second lien real estate notes from homebuyers who participate in the Mueller Development Affordable Housing Program (AHP). The individual note amount is determined by an independent appraisal of the market value of the home less the actual sales price of the home paid by the buyer. Fair value is based upon independent market prices or appraised values of the collateral and, accordingly, notes receivable are classified as Level 2 (see Fair Value Hierarchy in Note 1). The notes are repaid at the earlier of the subsequent sale of the home, refinancing or maturity.

At the date of an initial sale, shared equity program revenue equal to the amount of the second lien real estate note is recognized. In the instance of a subsequent sale of the home to another participant in the program, any appreciation/depreciation of the market value of the home at the time of the sale is recognized in shared equity program revenue and incorporated into the new note receivable (if prior to April 2023). In the instance of a subsequent sale of the home to another AHP homebuyer with restrictive covenants (see Note 8) rather than a new note receivable, any appreciation/depreciation of the market value of the home at the time of the sale is recognized in shared equity program revenue.

If the subsequent sale of the home is to a buyer outside of the program, the Foundation receives cash equal to the original second lien note and a prescribed share of any appreciation/depreciation of the market value of the home at the time of the sale. The prescribed share of appreciation/depreciation of the market value of the home is recognized in shared equity program revenue at the time of the subsequent sale.

The notes receivable bear no interest and have a term equal to the term of the first lien on the property. The Foundation’s policy is to discount the value of these notes using a discount rate equal to the homebuyer’s primary mortgage interest rate. The discount initially recognized is amortized annually on a straight-line basis over the average time of ownership estimated to be ten years and reported as interest income. As of December 31, 2024 and 2023, there were 488 and 517 notes outstanding with an average face amount of \$88,237 and \$87,684, respectively.

The table below summarizes notes receivable as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Notes receivable, gross	\$ 43,059,426	\$ 45,332,735
Discount on notes receivable	<u>(2,815,164)</u>	<u>(3,921,876)</u>
Notes receivable, net	<u>\$ 40,244,262</u>	<u>\$ 41,410,859</u>

**MUELLER FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 2 – NOTES RECEIVABLE, SHARED EQUITY AND PRESERVATION EXPENSES - CONTINUED**

The change in the discount on notes receivable for each of the years ended December 31, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 3,921,876	\$ 5,119,355
Discounts on new notes	-	65,418
Less: unamortized discounts on current year loans converted to restrictive covenants or sold to market buyer or another AHP homebuyer	(192,635)	(103,955)
Amortization expense reported as interest income	<u>(914,077)</u>	<u>(1,158,942)</u>
Ending balance	\$ <u>2,815,164</u>	\$ <u>3,921,876</u>

The Foundation's notes receivable portfolio is exposed to several risk factors:

- Economic and geographic concentration risks associated with home loans in Austin, Texas.
- Risk of a deteriorating economic climate and its impact on the Foundation's collection of loans.

Preservation expenses consist of funds provided by the Foundation at closing to cover the difference between the original AHP participant's appreciated home value and the new AHP participant's affordable sales price.

The table below details net preservation expenses for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Shared equity from sales received	929,245	483,150
Preservation expense paid	(1,140,158)	(641,319)
Less existing notes receivables related to resales to new AH participants using restrictive covenants	(1,734,082)	(1,108,372)
Unamortized discounts on current year loans converted to restrictive covenants or sold to market buyer or another AHP homebuyer	192,635	103,955
New second lien notes, net of discounts	<u>-</u>	<u>74,581</u>
Net preservation expenses	<u>(1,752,360)</u>	<u>(1,088,005)</u>

**MUELLER FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 3 – INVESTMENTS**

For the years ended December 31, 2024 and 2023, the Foundation’s investments consist U.S. Treasury bills, mutual funds, and exchange-traded products held in a Raymond James account as well as portfolio pools within two Austin Community Foundation (ACF) funds. The ACF funds’ major holdings at December 31, 2024 and 2023 consisted of domestic bonds, large-cap U.S. equity securities and developed international equity securities. All of the income and principal of the Foundation’s share of ACF funds are available to the Foundation at any point in time. The Foundation has classified its investments in ACF funds as unrestricted and they are considered Level 2 investments.

The table below summarizes investments recognized at fair value at December 31, 2024:

	2024		
	Fair Value Measurements Using Input Type		
	Level 1	Level 2	Total
Portfolio investment pools	\$ -	\$ 3,367,761	\$ 3,367,761
Mutual funds	1,235,847	-	1,235,847
Exchange-traded products	124,259	-	124,259
Total	\$ <u>1,360,106</u>	\$ <u>3,367,761</u>	\$ <u>4,727,867</u>

The table below summarizes investments recognized at fair value at December 31, 2023:

	2023		
	Fair Value Measurements Using Input Type		
	Level 1	Level 2	Total
Portfolio investment pools	\$ -	\$ 2,621,001	\$ 2,621,001
Mutual funds	936,301	-	936,301
Exchange-traded products	124,524	-	124,524
U.S. Treasury bills	244,282	-	244,282
Total	\$ <u>1,305,107</u>	\$ <u>2,621,001</u>	\$ <u>3,926,108</u>

**MUELLER FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 4 - IN-KIND SUPPORT AND EXPENSES**

The value of in-kind support without donor restrictions and the corresponding expenses included in the statements of activities for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
In-kind support	\$ <u>7,759</u>	\$ <u>36,059</u>
In-kind expenses:		
Facilities - general and administration	\$ 5,359	\$ 5,359
Professional services:		
Affordable housing (legal and consultants)	1,200	24,850
General and administration (consultants)	<u>1,200</u>	<u>5,850</u>
Total in-kind expenses	\$ <u>7,759</u>	\$ <u>36,059</u>

All in-kind professional services are valued at the estimated fair values using current rates for legal, strategic planning and development professionals.

Contributed facilities are valued at comparable facility lease costs for Austin.

**NOTE 5 – RELATED PARTY TRANSACTIONS**

One member of the Board of Directors of the Foundation also serves as an officer of the Master Developer. The Foundation believes its board is comprised of the most qualified, available individuals to lead the Foundation and that a representative from the master developer of the Mueller Development, who can provide insight and facilitate cooperation between itself, the city of Austin, and the Foundation, is crucial while the Mueller community is developing. The Foundation, however, wants to ensure that the Master Developer does not have control of the Foundation, so its bylaws provide that a controlling majority of the Board is made up of individuals with no relationship with the Master Developer.

The Master Developer contributed in-kind professional services and use of facilities to the Foundation totaling \$7,759 and \$36,059 for the years ended December 31, 2024 and 2023, respectively (see Note 4).

**MUELLER FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 6 – LIQUIDITY AND AVAILABILITY**

The Foundation considers all expenditures related to its ongoing activities of affordable housing and community investment services as well as the conduct of activities that support these program services to be general expenditures. The Foundation has estimated the amount of cash to be received for notes receivable sold to market within one year of the statement of financial position date. Financial assets available for general expenditures within one year from December 31, 2024 and 2023 are as follows:

	2024	2023
Financial assets at year end:		
Cash and cash equivalents	\$ 1,480,541	\$ 860,564
Accounts receivable	22,733	261,610
Investments	4,727,867	3,926,108
Notes receivable	335,215	540,000
Financial assets available to meet general expenditures over the next year	\$ 6,566,356	\$ 5,588,282

The Foundation manages its liquidity by developing and adopting an operating budget that provides sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due.

**NOTE 7 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

As stated in Note 1, the Foundation’s operations are dedicated to activities that support an integrated community and affordable housing program on the site formerly occupied by the Robert Mueller Airport within the city of Austin. These activities are primarily funded through builder affordable housing contributions, community assessment fees (in perpetuity) and by arrangements that provide the Foundation with shared equity revenue on sales of affordable housing units released to market. When the development stage of this project has been completed, the Mueller builder affordable housing contributions will cease, and the Foundation will have to rely on its other sources of income for sustainability. The Foundation will maintain sustainability through community assessment fees, shared equity revenue on sales, transaction fees covering the costs of those transactions (such as fees on sale), and the proceeds from releases of AHP homes with restrictive covenants (see Note 8) to market.

**MUELLER FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 8 – RESTRICTIVE COVENANTS**

Beginning in 2022, all new homes added to AHP and any prior AHP homes already in the program that go through resale are subject to a restrictive covenant, in lieu of a second lien real estate note. The restrictive covenants provide the Foundation with a new way to continue to preserve affordable housing in Mueller Development without a second lien real estate note. The restrictive covenants are recorded documents in the records of Travis County and a stated value of the restrictive covenant is included in each recorded document. The key facts related to these restrictive covenants are as follows:

- The restrictive covenants cannot be sold by the Foundation, although they can be transferred to another trustee if the Foundation ceases to exist.
- The value assigned to each restrictive covenant allows for the Foundation to release houses under restrictive covenants to market to provide the financial means to further the Foundation's Affordable Housing Program.
- The ability to release houses to market is solely dependent on the homeowner initiating the process of selling their home. The restrictive covenant grants the Foundation no right to require a sale to liquidate the value of the restrictive covenant but does grant the Foundation the right of foreclosure if the provisions of the restrictive covenant are not maintained by the homeowner.
- At the end of 30 years, the Foundation has the right to be repaid the stated value in the restrictive covenant. The homeowner has the right to remain in the program and continue to be subject to the provisions of the restrictive covenant, which would mean that the Foundation would not receive repayment at that time.

Given that the restrictive covenants are, by definition, not saleable, there is no market that can be used to determine the value of these restrictive covenants. The restrictive covenants are recorded at their gross value with an offsetting allowance for valuation for the full amount of the gross restrictive covenants. For the year ended December 31, 2024, the gross amounts of the restrictive covenants and the allowance for valuation of the restrictive covenants total \$53,244,918 and net to \$-0-. For the year ended December 31, 2023, the gross amounts of the restrictive covenants and the allowance for valuation of the restrictive covenants total \$35,760,220 and net to \$-0-. There were one hundred ninety-three (193) restrictive covenant agreements between the Foundation and AHP participants with an average gross value of \$274,533 as of December 31, 2024. There were one hundred twenty-four (124) restrictive covenant agreements entered into by the Foundation and AHP participants with an average gross value of \$288,389 during the year ended December 31, 2023. During the years ended December 31, 2024 and 2023, management determined that the aggregate gross value of the restrictive covenants was significantly understated after looking at comparable sales data. As this results in a future benefit to the AHP participants, management intentionally decided to not pursue any changes in these restrictive covenant agreements.

**MUELLER FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 8 – RESTRICTIVE COVENANTS - CONTINUED**

All proceeds received from the release to market of restrictive covenant homes and any cash outlay made by the Foundation as part of retaining a resale in the AHP will be treated as current program revenue or expense on the Statement of Activities. There was no release to market of restrictive covenant homes during the years ended December 31, 2024, and 2023.

**NOTE 9 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 5, 2025, the date on which the financial statements were available to be issued.