BANDERA ECONOMIC DEVELOPMENT CORPORATION

BANDERA, TEXAS

BASIC FINANCIAL STATEMENTS

AND SUPPLEMENTAL SCHEDULES

AND INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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CERTIFIED PUBLIC ACCOUNTANT

Report on Financial Statements Issued in Accordance with *Government Auditing Standards* or in a Single Audit

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bandera Economic Development Corporation

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bandera Economic Development Corporation as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Bandera Economic Development Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bandera Economic Development Corporation, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Financial Statements section of our report. We are required to be independent of the Bandera Economic Development Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bandera Economic Development Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 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 Bandera Economic Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bandera Economic Development Corporation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-6 and 18 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bandera Economic Development Corporation's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2026, on our consideration of the Bandera Economic Development Corporation's internal control over financial reporting and on 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 the Bandera Economic Development Corporation's 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 Bandera Economic Development Corporation's internal control over financial reporting and compliance.

Donald L. Allman, CPA, PC

Georgetown, TX
March 17, 2026

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Management's Discussion and Analysis

As management we offer readers of the Bandera Economic Development Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended September 30, 2025. Please read it in conjunction with the financial statements and accompanying notes.

Overview of the Financial Statements

The annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The Corporation is a self supporting entity and uses a governmental fund to report operations.

The governmental fund statements tell how general services were financed in the short term as well as what remains for future spending.

The government-wide financial statements provide both long-term and short-term information about the Corporation's overall financial status. The government-wide statements are presented in a manner similar to a private business, such as a real estate development, investment banking, commercial lending, construction management and private consulting. The statement of net position includes all the Corporation's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Financial Highlights

- The assets of the Corporation exceed its liabilities at the close of the most recent fiscal year by $2,184,561.
- As of the close of the current fiscal year, the Corporation reported an increase in net position of $396,522, on the Governmental Activities Funds basis.

The following table provides a summary of the Corporation's Statement of Net Position:

	2025	2024
Current assets	$ 1,555,064	$ 1,244,362
Capital assets, net	629,497	544,604
TOTAL ASSETS	2,184,561	1,788,966
Current liabilities	-	928
Long-term liabilities	-	-
TOTAL LIABILITIES	-	928
Net Position:		
Net Investment in Capital Assets	629,497	544,604
Restricted	-	-
Unrestricted	1,555,064	1,243,434
TOTAL NET POSITION	$ 2,184,561	$ 1,788,038

Government-Wide Financial Analysis
The following table provides a summary of the Corporation's Changes in Net Position.

	2025	2024
Revenues:		
Sales tax	$ 438,055	$ 423,611
Interest income	27,792	22,239
Other	56,336	-
TOTAL REVENUES	522,183	445,850
Expenses:		
Administrative Expenses	6,465	20,504
Promtional/Marketing	65,032	73,687
Legal, Audit & Professional fees	7,004	-
Project Expenses	40,053	137,309
Depreciation	7,107	7,552
Capital Outlay	-	-
TOTAL EXPENSES	125,661	239,052
CHANGE IN NET POSITION	396,522	206,798
Beginning net position	1,788,039	1,581,241
Prior Period Adjustment	-	-
ENDING NET POSITION	$ 2,184,561	$ 1,788,039

Operating Activities. Operating activities increased the Corporation's net position by $396,522 .

Capital Assets.

	2025	2024
Land	$ 522,438	$ 522,438
Infrastructure	42,455	42,455
Equipment	34,957	34,957
Construction in Progress	92,000	-
Less: Accumulated Depreciation	(62,353)	(55,246)
TOTAL	$ 629,497	$ 544,604

Long-Term Debt. The Corporation has no outstanding debt at year end.

Requests for Information

This financial report is designed to provide a general overview of the Corporation for all those with an interest in the Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Bandera Economic Development Corporation, 511 Main Street Bandera, TX 78003.

BANDERA ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

		GOVERNMENTAL ACTIVITIES
ASSETS		
Current assets:		
Cash & cash equivalents	$	1,418,213
Sales Tax Receivable		
Due from City of Bandera		136,851
Total current assets		1,555,064
Non-Current Assets		
Capital assets		
Land		522,438
Infrastructure		42,455
Equipment		34,957
Construction in Progress		92,000
Less: Accumulated Depreciation		(62,353)
Total non-current assets		629,497
TOTAL ASSETS	$	2,184,561
LIABILITIES		
Current:		
Accounts payable	$	-
Long-term payable - current portion		-
TOTAL CURRENT		-
Long-Term:		
Long-term payable		-
TOTAL LONG-TERM		-
TOTAL LIABILITIES		-
NET POSITION		
Net Investment in Capital Assets		629,497
Restricted		-
Unrestricted		1,555,064
TOTAL NET POSITION		2,184,561

The accompanying notes are an integral part of the financial statements

BANDERA ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

	GOVERNMENTAL ACTIVITIES
Revenues:	
Sales tax	$ 438,055
Interest income	27,792
Other	56,336
TOTAL REVENUES	522,183
Expenditures:	
Administrative Expenses	6,465
Advertising & Marketing	65,032
Legal, Audit & Professional fees	7,004
Project Expenses	40,053
Depreciation	7,107
TOTAL EXPENSES	125,661
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	396,522
Other Financing Sources:	
Capital grants	-
Government grants	-
Capital Gain on Sale of Assets	-
TOTAL OTHER FINANCING SOURCES	-
Change in net position	396,522
Net position beginning of fiscal year	1,788,039
Prior Period Adjustment	-
Net Position end of fiscal year	$ 2,184,561

The accompanying notes are an integral part of the financial statements

BANDERA ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Total Governmental Funds
Assets:		
Cash and Cash Equivalents	1,418,213	1,418,213
Sales Tax Receivable	136,851	136,851
Total Assets	1,555,064	1,555,064
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	-	-
Unearned Revenue	-	-
Total Liabilities	-	-
Fund Balances:		
Nonspendable		
Restricted for Debt Service	-	-
Restricted for Construction	-	
Unassigned	1,555,064	1,555,064
Total Fund Balances	1,555,064	1,555,064
Total Liabilities and Fund Balances	1,555,064	1,555,064

The accompanying notes are an integral part of the financial statements

BANDERA ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Total Fund Balances - Governmental Funds	$	1,555,064
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was $691,850 and the accumulated depreciation and amortization was $62,353. The net effect of including the balances for capital assets (net of depreciation) in the governmental activities is to increase net assets.	$	629,497
		-
Some long-term liabilities are not due and payable in the current period and therefore are not reported. in these funds. There are no liabilities for Bandera Economic Development Corporation	$	-
Net Position of Governmental Activities	$	2,184,561

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

BANDERA ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Total Governmental Funds
Revenues		
Taxes:		
Sales Taxes	$ 438,055	$ 438,055
Investment Earnings	27,792	27,792
Other Revenue	56,336	56,336
Total Revenues	$ 522,183	$ 522,183
Expenditures		
Current:		
Administrative Expenses	6,465	6,465
Advertising & Marketing	65,032	65,032
Legal, Audit & Professional fees	7,004	7,004
Project Expenses	40,052	40,052
Capital Outlay:	92,000	92,000
Total Expenditures	$ 210,553	$ 210,553
Other Financing Sources:		
	-	-
Net Changes in Fund Balances	$ 311,630	$ 311,630
Fund Balances - Beginning	$ 1,243,434	$ 1,243,434
Fund Balances - Ending	$ 1,555,064	$ 1,555,064

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

BANDERA ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2025

Total Net Change in Fund Balances - Governmental Funds	$	311,630
Current year capital outlays are expenditures in the fund financial statements,		
but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of the current year capital outlays is to increase net assets.		92,000
Depreciation & Amortization is not recognized as an expense in governmental funds since it does not require resources of current funds. The net effect of the current year depreciation & amortization is to decrease net assets.		(7,107)
Principal payments on bonds are not outflows for governmental activities		-
Rounding		(1)
		-
		-
		-
Change in Net Position of Governmental Activities	$	396,522

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

BANDERA ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTANT POLICIES

The accounting policies of the Bandera Economic Development Corporation "the Corporation" conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

A. Reporting Entity

The City of Bandera Economic Development Corporation is a nonprofit economic development corporation specifically governed by Section 4B of the Development Corporation Act of 1979 and was organized exclusively for the purposes of the City of Bandera Economic Development Corporation, by promoting or developing new or expanded business enterprises in the City of Bandera though projects which assist in retention of existing local business and industry and which promote and develop new or expanded business enterprises. Projects include providing public safety facilities, streets and roads, drainage and related improvements, general municipally owned improvements, and any other project that is determined by the board of directors of the Corporation to promote or develop new or expanded business enterprises in accordance with the Articles of Incorporation of the Corporation and the Act.

The Corporation shall have and exercise all the rights, powers, privileges, authority and functions given by the general laws of Texas to nonprofit economic development corporations by the Texas Nonprofit Corporation Act, Tex. Rev. Civ. Stat. Ann. Article 1396-1.01, et seq., and the additional powers as provided in the Act, including the issuance of bonds. If any conflict should arise between these statutes regarding the powers of the corporation, the act shall control.

The affairs of the Corporation are managed by a Board of Directors which is appointed by the City Council of the City of Bandera.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Corporation uses only governmental funds to report their operations and are engaged in a single program. For this reason, the Corporation has combined their fund financial statements and their government-wide financial statements by providing a columnar (line-by-line) reconciliation on the face of the financial statements.

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However debt service expenditures are recorded only when payment is due.

The following governmental fund is reported:

The *general fund* is the primary operating. It accounts for all financial resources.

C. Capital Assets

Capital assets, which include land, buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Corporation as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Buildings, furniture and equipment of the Corporation are depreciated using the straight line method over the following estimated useful lives:

ASSETS	YEARS
Buildings and improvements	20-50
Computers, furniture and equipment	5-10

D. Budgetary Data

The Board adopts an "appropriated budget" for the General Fund, The Corporation is required to present the adopted and final amended budgeted revenues and expenditures. The Corporation compares the final amended budget to actual revenues and expenditures.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to September 30, the Corporation Board of Directors prepares a budget for the next succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the Board is then called for the purpose of adopting the proposed budget. The CEDC holds a public hearing to receive citizens comments on the budget.

3. Prior to September 30, the budget is legally enacted through passage of a resolution by the City of Bandera City Council. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The Corporation had no budget amendments during the year.

4. Budgeted amounts are as amended by the Board and City Council. All budget appropriations lapse at year end.

E. Subsequent Events

Management has evaluated subsequent events through March 17, 2026 the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS AND INVESTMENTS

The Corporation is authorized to invest in securities that are listed in Texas House Bill 2459, *Public Funds Investment Act of 1995.*

The Corporations deposits were fully insured or collateralized at September 30. At year end, the carrying amount of deposits in the Corporation operating account was $762,710.

All investments held at September 30, are insured or registered, or held by the Corporation or its agent in the Corporations name (Category1).

NOTE 2 – DEPOSITS AND INVESTMENTS – CONTINUED

The Corporation's investments as of September 30, are:

	CARRY AMOUNT	MARKET VALUE
Bandera Bank	$ 762,710	$ 762,710
TexSTAR Investment Pool	542,280	542,280
Bandera Bank CD	56,327	56,327
Bandera Bank CD	56,896	56,896
	$ 1,418,213	$ 1,418,213

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value. The Corporation concentrates its investments on short-term investments in order to limit market risk caused by changes in interest rates. The maximum allowed maturity of an investment by the Corporation is two years.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. The Corporation's depository fully collateralizes the Corporation's deposits as outlined above.

NOTE 3 – CAPITAL ASSET ACTIVITY

Capital asset activity for the Corporation for the year ended September 30, was as follows:

	PRIMARY GOVERNMENT			
	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Governmental Activities:				
Land	$ 522,438	$ -	$ -	$ 522,438
Infrastructure	42,455	-	-	42,455
Equipment	34,957	-	-	34,957
Construction in Progress	-	92,000	-	92,000
TOTAL ASSETS	599,850	92,000	-	691,850
Accumulated depreciation	(55,246)	(7,107)	-	(62,353)
TOTAL	$ 544,604	$ 84,893	$ -	$ 629,497

NOTE 4 – LONG-TERM DEBT

The Bandera Economic Development Corporation had no long-term debt as of September 30, 2025.