

**NEW MEXICO COMMUNITY
DEVELOPMENT LOAN FUND, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2020 AND 2019



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**NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
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YEARS ENDED DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
New Mexico Community Development Loan Fund, Inc.
Albuquerque, New Mexico

We have audited the accompanying financial statements of New Mexico Community Development Loan Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
New Mexico Community Development Loan Fund, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Mexico Community Development Loan Fund, Inc. as of December 31, 2020 and 2019, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
May 27, 2021

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 4,992,257	\$ 6,425,237
Restricted Cash and Cash Equivalents	388,478	281,566
Grants and Contracts Receivable	120,272	151,862
Interest Receivable	100,816	103,048
Other Assets	4,270	2,511
Loans Receivable, Net	24,109,319	19,000,086
Property and Equipment, Net	371,605	370,332
Total Assets	\$ 30,087,017	\$ 26,334,642
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 23,611	\$ 23,124
Accrued Liabilities	122,238	89,083
Interest Payable	171,784	167,857
Secured Debt	21,515,829	18,210,933
Notes Payable, Net	6,178,381	5,649,881
Subordinated Note Payable	500,000	500,000
Cash and Cash Equivalents Held for Others	94,670	92,829
Total Liabilities	28,606,513	24,733,707
NET ASSETS		
Without Donor Restrictions	1,274,713	1,353,729
With Donor Restrictions	205,791	247,206
Total Net Assets	1,480,504	1,600,935
Total Liabilities and Net Assets	\$ 30,087,017	\$ 26,334,642

See accompanying Notes to Financial Statements.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 74,059	\$ -	\$ 74,059
Grants	92,122	-	92,122
Lending Program Interest	1,299,214	-	1,299,214
Other Lending Program Income	155,317	-	155,317
Investment Income	2,004	-	2,004
Miscellaneous Income	164,200	-	164,200
Total Support and Revenue	1,786,916	-	1,786,916
Net Assets Released from Donor Restrictions:			
Satisfaction of Program Restrictions	41,415	(41,415)	-
Total Support and Revenue	1,828,331	(41,415)	1,786,916
 EXPENSES			
Program Services:			
Loan Program	1,120,158	-	1,120,158
Technical Assistance Program	406,406	-	406,406
Total Program Services	1,526,564	-	1,526,564
Supporting Services:			
Fund Raising	153,652	-	153,652
Management and General	227,131	-	227,131
Total Supporting Services	380,783	-	380,783
Total Expenses	1,907,347	-	1,907,347
 CHANGE IN NET ASSETS	(79,016)	(41,415)	(120,431)
Net Assets - Beginning of Year	1,353,729	247,206	1,600,935
 NET ASSETS - END OF YEAR	\$ 1,274,713	\$ 205,791	\$ 1,480,504

See accompanying Notes to Financial Statements.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 27,179	\$ -	\$ 27,179
Grants	96,841	-	96,841
Lending Program Interest	1,179,290	-	1,179,290
Other Lending Program Income	180,888	-	180,888
Investment Income	2,212	-	2,212
Miscellaneous Income	5,699	-	5,699
Total Support and Revenue	1,492,109	-	1,492,109
Net Assets Released from Donor Restrictions:			
Satisfaction of Program Restrictions	17,611	(17,611)	-
Total Support and Revenue	1,509,720	(17,611)	1,492,109
 EXPENSES			
Program Services:			
Loan Program	945,807	-	945,807
Technical Assistance Program	379,045	-	379,045
Total Program Services	1,324,852	-	1,324,852
Supporting Services:			
Fund Raising	127,237	-	127,237
Management and General	198,947	-	198,947
Total Supporting Services	326,184	-	326,184
Total Expenses	1,651,036	-	1,651,036
 CHANGE IN NET ASSETS	(141,316)	(17,611)	(158,927)
Net Assets - Beginning of Year	1,495,045	264,817	1,759,862
 NET ASSETS - END OF YEAR	\$ 1,353,729	\$ 247,206	\$ 1,600,935

See accompanying Notes to Financial Statements.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Loan Program	Technical Assistance Program	Fund Raising	Management and General	Total
Salaries and Benefits	\$ 453,356	\$ 314,772	\$ 125,882	\$ 199,360	\$ 1,093,370
Interest	369,481	-	-	-	369,481
Office	48,819	48,819	12,205	12,206	122,049
Outreach	14,060	14,060	3,515	3,515	35,150
Professional Fees	11,248	11,248	2,812	2,812	28,120
Repairs and Maintenance	2,904	2,904	726	726	7,260
Travel	2,314	2,314	578	578	5,784
Depreciation	3,278	3,278	3,278	3,278	13,112
Training	3,168	3,168	792	792	7,920
Insurance	3,205	3,205	3,205	3,205	12,820
Loan Administration	25,784	-	-	-	25,784
Loan Loss Reserve	179,903	-	-	-	179,903
Telephone	2,638	2,638	659	659	6,594
	<u>\$ 1,120,158</u>	<u>\$ 406,406</u>	<u>\$ 153,652</u>	<u>\$ 227,131</u>	<u>\$ 1,907,347</u>
Total Functional Expenses	<u>\$ 1,120,158</u>	<u>\$ 406,406</u>	<u>\$ 153,652</u>	<u>\$ 227,131</u>	<u>\$ 1,907,347</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Loan Program	Technical Assistance Program	Fund Raising	Management and General	Total
Salaries and Benefits	\$ 336,162	\$ 301,703	\$ 104,183	\$ 175,891	\$ 917,939
Interest	367,346	-	-	-	367,346
Office	32,315	32,315	8,079	8,079	80,788
Outreach	15,109	15,109	3,777	3,777	37,772
Professional Fees	9,021	9,021	2,255	2,255	22,552
Repairs and Maintenance	4,128	4,128	1,032	1,032	10,320
Travel	6,172	6,172	1,543	1,543	15,430
Depreciation	2,736	2,736	2,736	2,737	10,945
Training	3,793	3,793	948	948	9,482
Insurance	2,223	2,223	2,223	2,224	8,893
Loan Administration	22,384	-	-	-	22,384
Loan Loss Reserve	142,573	-	-	-	142,573
Telephone	1,845	1,845	461	461	4,612
	<u>945,807</u>	<u>379,045</u>	<u>127,237</u>	<u>198,947</u>	<u>1,651,036</u>
Total Functional Expenses	<u>\$ 945,807</u>	<u>\$ 379,045</u>	<u>\$ 127,237</u>	<u>\$ 198,947</u>	<u>\$ 1,651,036</u>

See accompanying Notes to Financial Statements.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (120,431)	\$ (158,927)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	13,112	10,945
Provision for Loan Losses	179,903	142,573
Provision for Notes Payable	8,870	-
Changes in Assets and Liabilities:		
Grants and Contracts Receivable	31,590	(95,999)
Interest Receivable	2,232	(42,300)
Other Assets	(1,759)	367
Accounts Payable	487	11,265
Accrued Liabilities	33,155	(7,013)
Interest Payable	3,927	22,041
Cash Held for Others	1,841	62,861
Net Cash Provided (Used) by Operating Activities	152,927	(54,187)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Repayments	6,654,762	2,741,959
Loans Issued	(11,943,898)	(8,296,835)
Proceeds from Land Held for Sale	-	5,000
Purchase of Property and Equipment	(14,385)	(5,425)
Net Cash (Used) by Investing Activities	(5,303,521)	(5,555,301)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Secured Borrowings	3,304,896	8,345,663
Proceeds from Acquisition of Notes Payable	1,495,000	375,000
Principal Payments on Notes Payable	(975,370)	(601,679)
Net Cash Provided (Used) by Financing Activities	3,824,526	8,118,984
 NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,326,068)	2,509,496
 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR	6,706,803	4,197,307
 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	5,380,735	6,706,803
 NONCASH INVESTING AND FINANCING ACTIVITIES		
Change in Assumption of Notes Payable	\$ (8,870)	\$ -

See accompanying Notes to Financial Statements.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The New Mexico Community Development Loan Fund, Inc. (The Loan Fund) was formed to encourage and facilitate the investment of capital in low-income New Mexico communities through individuals, religious and community organizations, foundations, governmental entities, financial institutions, and a variety of others. As the primary source of funding is borrowings, The Loan Fund also accepts contributions and receives grants. The Loan Fund utilizes these funds to assist businesses and nonprofits; providing positive social benefits such as creating and preserving jobs that pay sustainable wages and benefits, providing basic services and affordable housing in disadvantaged communities, preserving and advancing traditional communities, cultures and ways of life, and contributing to the revitalization of urban and rural communities. The Loan Fund places particular emphasis on assisting low-income, minority and women-owned businesses and those who meet other special requirements and are unable to access affordable loans from traditional sources, such as banks.

Basis of Accounting

The accompanying financial statements of The Loan Fund have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations.

Basis of Presentation

The Loan Fund is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without Donor Restriction Net Assets

Net assets that are not subject to donor-imposed stipulations. Without donor restriction net assets may be designated for specific purposes by action of the board of directors.

With Donor Restriction Net Assets

Net assets that are subject to donor-imposed stipulations that may or will be met by occurrence of a specific event or passage of time. When a donor restriction expires, net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted net assets may be required to be maintained in perpetuity, with only the income used for operating activities, due to donor-imposed restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The allowance for loan losses is a significant estimate in these financial statements. It is reasonably possible that actual loan losses could differ from management's estimates of loan losses.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and Materials

The Loan Fund recognizes contributed services if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation. Recognized contributed services are recorded at the fair value of the services on the date of donation. Donated materials are recorded at fair value on the date of donation.

Support

The Loan Fund reports contributions of cash and other assets as with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets or specify the time period for which the assets may be expended. When a donor restriction expires, restricted net assets are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits at banks, money market funds, and savings accounts at financial institutions.

At December 31, 2020 and 2019, the Loan Fund invested in certificates of deposit of \$58,045 and \$57,527, respectively. As of December 31, 2020, the certificate of deposit interest rate was 0.25% and the maturity date is November 16, 2021.

In accordance with certain agreements, the Loan Fund maintained separate cash and cash equivalent accounts for the Small Business Administration (SBA) required loan loss cash reserve account.

Restricted Cash and Cash Equivalents and Cash and Cash Equivalents Held for Others

Restricted cash and cash equivalents consist of cash and a certificate of deposit that the Loan Fund has received from Money Smart Week, New Mexico Economic Development Fund, and the SBA loan loss cash reserve accounts.

The Loan Fund provides fiscal agent-type services to Money Smart Week and the related cash held for others. Restricted cash related to Money Smart Week totaled \$11,734 and \$10,729 at December 31, 2020 and 2019, respectively. Restricted certificate of deposit including interest of \$82,936 is held for the New Mexico Economic Development Fund, which was established in 2019. Restricted cash related to the loan loss reserve totaled approximately \$294,000 and \$189,000 at December 31, 2020 and 2019, respectively. Restricted cash required is a minimum of 15% of the outstanding payable to SBA.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Receivable

Loans receivable are carried at face value, adjusted by an allowance for loan losses. The Loan Fund classifies loans receivable as current if maturity is one year or less. Interest income on loans receivable is recorded monthly. Related loan fees required at closing are recorded as income when the loan is disbursed unless the loan term is longer than one year in which case the related fees are amortized over the life of the loan.

Loans are collateralized by any combination of the following: deposit accounts, real estate, inventory, accounts receivable, furniture, equipment, vehicles, and assignment of contracts and life insurance policies. The Loan Fund's access to collateral is determined by legal collection proceedings.

Loans are recorded when funds are disbursed. Collectability of loans receivable is evaluated weekly and the loan loss reserve is adjusted accordingly.

The accrual of interest is discontinued on loans evaluated to be potentially uncollectible. Interest accrual resumes when certainty of repayment is determined. Loans are written off as uncollectible only after collateral has been satisfied and all legal action for recovery is exhausted. Loans are determined to be delinquent based on the number of days from when the required payments are past due.

Allowance for Loan Losses

The Loan Fund provides a valuation allowance for estimated losses on loans when a significant and permanent decline in value occurs or is anticipated. The allowance for loan losses is based on established guidelines for loan grades, which specify reserve requirements. The factors that influence allowance requirements include available borrower financial information, period of payment delinquency, borrower responsiveness, and borrower collateral. The Loan Fund management provides an estimate for loan losses based on these factors.

Property and Equipment

Purchased property and equipment is stated at cost. Property and equipment received by donation is recorded at the estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Loan Fund reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Loan Fund reclassifies restricted net assets to unrestricted net assets at that time. Purchased or donated property in excess of \$5,000 is capitalized. Depreciation is calculated on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, which range from three to thirty-nine years.

**NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

Long-lived assets held by The Loan Fund are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in the event that facts and circumstances indicate that the cost of any long-lived asset may be impaired, an evaluation of recoverability would be performed.

Functional Allocation of Expenses

Expenses are charged directly to program and supporting services based on specific identification. Costs benefiting all programs are reasonably allocated by management based on estimates of the program supporting staff and management time spent on the program, travel expenses, administrative expenses inclusive of overhead expenses.

Grants and Contracts Receivable

Grants and contracts receivable were deemed to be fully collectible; therefore, no allowance has been recorded.

Advertising Costs

The Loan Fund expenses marketing and public relations costs as incurred.

Income Taxes

The Loan Fund is a nonprofit organization and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Loan Fund regularly evaluates activities as it relates to its tax-exempt status. If Loan Fund activities are determined to be outside of its tax-exempt status the potential exists for tax liabilities on those unrelated activities. Currently, The Loan Fund engages in no activities that would be taxed as unrelated business income. Accordingly, no provision for income taxes has been reflected in The Loan Fund's financial statements. The Loan Fund's income tax filings are subject to audit by various taxing authorities. The Loan Fund believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

NOTE 2 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 4,992,257	\$ 6,425,237
Restricted Cash and Cash Equivalents included in assets restricted to debt financial loan loss reserve and collateral	<u>388,478</u>	<u>281,566</u>
Total Cash, Cash Equivalents, and Restricted Cash shown in the Statement of Cash Flows	<u>\$ 5,380,735</u>	<u>\$ 6,706,803</u>

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 3 LOANS RECEIVABLE

The Loan Fund had loans receivable of approximately \$24,100,000 and \$19,000,000, net of allowance for loan losses, at December 31, 2020 and 2019, respectively.

Changes in the allowance for loan losses for the years ended December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Balance at Beginning of Year	\$ 278,093	\$ 236,630
Loans Charged-Off	(153,796)	(41,339)
Provision for Loan Losses	<u>179,903</u>	<u>82,802</u>
Balance at End of Year	<u>\$ 304,200</u>	<u>\$ 278,093</u>

Loan balances of \$818,183 and \$964,694 had loan payments past due more than thirty-one days as of December 31, 2020 and 2019, respectively. Additionally, loans of approximately \$103,000 and \$222,400 had original principal repayment terms modified during 2020 and 2019, respectively.

Loan balances of approximately \$133,000 and \$170,900 were on nonaccrual status as of December 31, 2020 and 2019, respectively. Loan balances past due more than ninety days and still accruing interest were approximately \$263,500 and \$304,400 at December 31, 2020 and 2019, respectively.

The following table presents financing receivable regarding their age and interest accrual status for the years ended December 31 are as follows:

Loans Receivable Aging Schedule - Community Loans								Loan	
	Current	31 - 60 Days	61 - 90 Days	91 - 120 Days	121+ Days	Total Past Due	Total Loan Receivables	Total Loan Balances Due on Nonaccrual Status	Balances Past Due More Than 90 Days and Still Accruing Interest
2020	\$ 23,595,336	\$ 431,510	\$ 24,657	\$ 100,754	\$ 261,262	\$ 818,183	\$ 24,413,519	\$ 132,975	\$ 263,481
2019	\$ 18,314,159	\$ 328,691	\$ 168,221	\$ 38,128	\$ 429,654	\$ 964,694	\$ 19,278,853	\$ 170,884	\$ 304,418

Because of the inherent uncertainties in estimating the allowance for doubtful loans and accounts, it is at least reasonably possible that the estimates used will change within the near term.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2020	2019
Building and Improvements	\$ 386,116	\$ 386,116
Furniture and Equipment	154,514	140,129
Land	91,500	91,500
Total	632,130	617,745
Less: Accumulated Depreciation	260,525	247,413
Net Property and Equipment	\$ 371,605	\$ 370,332

NOTE 5 RELATED PARTY TRANSACTIONS

Loan Fund policy requires that representatives from its client base serve on its board. Certain members of the board are associated with certain lenders and donors. The terms and conditions of related party loans are comparable with terms and conditions of other loans serviced by the Loan Fund. There were no related party loans at December 31, 2020 and 2019.

NOTE 6 NOTES PAYABLE, SECURED DEBT, AND SUBORDINATED NOTE PAYABLE

Notes Payable

The Loan Fund has notes payable, secured debt, and subordinated note payable with various banks, governmental entities, individuals, and nonprofit organizations. Interest rates on these notes payable range from 0% to 3%. Maturity dates range from January 2021 to October 1, 2042. These notes payable are collateralized by loans receivable. As of December 31, 2020 and 2019, there were no notes payable that were acquired for operating purposes not related to the lending program.

Notes payable, secured debt, and subordinated note payable was \$28,194,210 and \$24,360,814 as of December 31, 2020 and 2019, respectively.

	Amount
Notes Payable:	
Governmental Entities	\$ 1,415,477
Faith Based Organization	883,698
Individuals and Trusts	419,206
Managed Accounts	1,850,000
Foundations and Nonprofit Organizations	320,000
Organizations and Corporations	40,000
Financial Institutions	1,250,000
Secured Debt	21,515,829
Subordinated Note Payable	500,000
Total Debt at December 31, 2020	\$ 28,194,210

**NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

**NOTE 6 NOTES PAYABLE, SECURED DEBT, AND SUBORDINATED NOTE PAYABLE
(CONTINUED)**

Future principal payments on the notes payable, secured debt, and subordinated note payable as of December 31, 2020 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 1,528,068
2022	1,761,901
2023	1,038,117
2024	532,121
2025	651,259
Thereafter	<u>22,682,744</u>
Total	<u>\$ 28,194,210</u>

Some of the Loan Fund's notes payable and secured debt agreements include financial covenants relating to delinquency rate, loan loss rate, current ratio, net worth, and reporting requirements.

Secured Debt

The Loan Fund has an agreement with a third party to provide up to \$24,000,000 in revolving funds for loans made by the Loan Fund. In accordance with applicable accounting standards, this agreement is accounted for as secured debt. The Loan Fund must repay the secured debt as the Loan Fund collects principal payments on these loans. At December 31, 2020 and 2019, principal payments due from the revolving fund were \$2,600,774 and \$1,041,621, respectively.

Subordinated Debt

The Loan Fund entered into an agreement with a third party on July 1, 2017 to provide up to \$500,000 for loans made by the Loan Fund. The Loan Fund paid interest quarterly at 2.25%.

NOTE 7 DONOR RESTRICTIONS

Donor restricted net assets at December 31 are available for the following:

	<u>2020</u>	<u>2019</u>
Loans to Artists and Related Program Expense	<u>\$ -</u>	<u>\$ 41,185</u>
Total	<u>\$ -</u>	<u>\$ 41,185</u>

Additional donor restricted net assets of \$205,791 at December 31, 2020 and 2019 consisted of \$203,826 of permanent lending capital for loans to third parties and \$1,965 for the Sister Marie fund.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8 RETIREMENT PLAN

The Loan Fund maintains a tax-free annuity plan for employees who have completed one year of service. Contributions to the New Mexico Community Development Loan Fund Retirement Plan are at the discretion of the board. The board elected to contribute 3% of eligible employee's salaries during 2020 and 2019. Employer contributions for 2020 and 2019 were approximately \$10,600 and \$12,800, respectively.

NOTE 9 CONCENTRATIONS OF CASH DEPOSITS

The Loan Fund maintains its cash balances in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, these cash balances may exceed the insured limits of the FDIC. At December 31, 2020, cash in excess of FDIC limits totaled \$2,629,010. The Loan Fund has not experienced any losses in these cash accounts and believes it is not exposed to any significant credit risk related to uninsured cash balances.

NOTE 10 CONCENTRATIONS OF SECURED DEBT

The Loan Fund has a secured note payable of approximately \$21,516,000 and \$18,211,000 at December 31, 2020 and 2019, respectively. This note payable represents approximately 76% and 75% of total notes payable and secured debt at December 31, 2020 and 2019, respectively.

The secured note payable is a significant source of funding for the lending program and matures in January 2029.

NOTE 11 COMMITMENTS

The Loan Fund was committed to borrowers for credit lines or loans of \$2,730,239 and \$2,207,572 as of December 31, 2020 and 2019, respectively.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
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NOTE 12 LIQUIDITY

The Loan Fund has a goal to maintain financial assets, which consist of cash and receivables on hand to meet a minimum of 60 days of normal operating expenses.

The Loan Fund's Financial Assets available within one year of the balance sheet date for general expenditure are as follows.

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 4,992,257	\$ 6,425,237
Grants and Contracts Receivable	120,272	151,862
Interest Receivable	100,816	103,048
Financial Assets, as of December 31	<u>5,213,345</u>	<u>6,680,147</u>
Less: Net Assets with Donor Restriction	<u>(205,791)</u>	<u>(247,206)</u>
Financial Assets Available Within One Year to Meet Cash Needs to General Expenditures Within One Year	<u>\$ 5,007,554</u>	<u>\$ 6,432,941</u>

