

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2024 AND 2023



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YEARS ENDED DECEMBER 31, 2024 AND 2023**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of New Mexico Community Development Loan Fund, Inc. (a New Mexico nonprofit corporation), 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 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Mexico Community Development Loan Fund, Inc. 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, 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 New Mexico Community Development Loan Fund, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 New Mexico Community Development Loan Fund, Inc.'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 New Mexico Community Development Loan Fund, Inc.'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.

Supplementary Information

Our audits were conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying 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*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **September 23, 2025** September 22, 2025, on our consideration of New Mexico Community Development Loan Fund, Inc.'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 New Mexico Community Development Loan Fund, Inc.'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 New Mexico Community Development Loan Fund, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
September 22, 2025

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 6,582,850	\$ 8,131,128
Restricted Cash and Cash Equivalents	332,196	330,840
Grants and Contracts Receivable	83,750	91,508
Interest Receivable	248,329	221,578
Other Assets	4,633	4,478
Loans Receivable, Net Allowance for Credit Loss of \$1,087,317 and \$715,004, respectively	34,668,308	33,375,701
Land Held for Sale	184,000	-
Property and Equipment, Net	362,096	376,706
Total Assets	\$ 42,466,162	\$ 42,531,939
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 51,485	\$ 43,859
Accrued Liabilities	124,972	160,353
Interest Payable	112,507	106,560
Secured Debt	33,346,838	32,609,502
Notes Payable, Net	7,805,879	7,872,456
Subordinated Note Payable	500,000	500,000
Total Liabilities	41,941,681	41,292,730
NET ASSETS		
Without Donor Restrictions	397,516	1,112,244
With Donor Restrictions	126,965	126,965
Total Net Assets	524,481	1,239,209
Total Liabilities and Net Assets	\$ 42,466,162	\$ 42,531,939

See accompanying Notes to Financial Statements.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 38,017	\$ -	\$ 38,017
Grants	208,208	-	208,208
Lending Program Interest	1,718,383	-	1,718,383
Other Lending Program Income	302,973	-	302,973
Investment Income	136,492	-	136,492
Miscellaneous Income	48,578	-	48,578
Total	2,452,651	-	2,452,651
Net Assets Released from Donor Restrictions:			
Satisfaction of Program Restrictions	-	-	-
Total Support and Revenue	2,452,651	-	2,452,651
 EXPENSES			
Program Services:			
Loan Program	2,057,516	-	2,057,516
Technical Assistance Program	537,762	-	537,762
Total Program Services	2,595,278	-	2,595,278
Supporting Services:			
Fundraising	257,085	-	257,085
Management and General	315,016	-	315,016
Total Supporting Services	572,101	-	572,101
Total Expenses	3,167,379	-	3,167,379
 CHANGES IN NET ASSETS	(714,728)	-	(714,728)
Net Assets - Beginning of Year	1,112,244	126,965	1,239,209
 NET ASSETS - END OF YEAR	\$ 397,516	\$ 126,965	\$ 524,481

See accompanying Notes to Financial Statements.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 5,007	\$ -	\$ 5,007
Grants	923,063	-	923,063
Lending Program Interest	1,556,167	-	1,556,167
Other Lending Program Income	120,013	-	120,013
Investment Income	33,984	-	33,984
Total	2,638,234	-	2,638,234
Net Assets Released from Donor Restrictions:			
Satisfaction of Program Restrictions	78,826	(78,826)	-
Total Support and Revenue	2,717,060	(78,826)	2,638,234
EXPENSES			
Program Services:			
Loan Program	1,611,882	-	1,611,882
Technical Assistance Program	601,193	-	601,193
Total Program Services	2,213,075	-	2,213,075
Supporting Services:			
Fundraising	288,605	-	288,605
Management and General	330,947	-	330,947
Total Supporting Services	619,552	-	619,552
Total Expenses	2,832,627	-	2,832,627
CHANGES IN NET ASSETS	(115,567)	(78,826)	(194,393)
Net Assets, as Previously Presented	1,378,031	205,791	1,583,822
Cumulative Effect of Change in Accounting			
Principal	(150,220)	-	(150,220)
Net Assets, as Restated	1,227,811	205,791	1,433,602
NET ASSETS - END OF YEAR	\$ 1,112,244	\$ 126,965	\$ 1,239,209

See accompanying Notes to Financial Statements.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services				Total
	Loan Program	Technical Assistance Program	Fundraising	Management and General	
Salaries and Benefits	\$ 324,691	\$ 311,119	\$ 222,006	\$ 279,937	\$ 1,137,753
Provision for Credit Losses	1,003,896	-	-	-	1,003,896
Outreach	260,635	140,355	4,820	4,820	410,630
Interest	350,511	-	-	-	350,511
Office	40,715	40,715	10,179	10,179	101,788
Professional Fees	27,194	27,194	6,799	6,799	67,986
Loan Administration	31,494	-	-	-	31,494
Depreciation	5,207	5,206	5,206	5,206	20,825
Insurance	3,416	3,416	3,416	3,416	13,664
Repairs and Maintenance	2,960	2,960	2,960	2,960	11,840
Training	2,837	2,837	709	709	7,092
Telephone	2,757	2,757	689	689	6,892
Travel	1,203	1,203	301	301	3,008
Total Functional Expenses	\$ 2,057,516	\$ 537,762	\$ 257,085	\$ 315,016	\$ 3,167,379

See accompanying Notes to Financial Statements.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services				Total
	Loan Program	Technical Assistance Program	Fundraising	Management and General	
Salaries and Benefits	\$ 322,873	\$ 362,079	\$ 219,963	\$ 262,305	\$ 1,167,220
Loan Loss Reserve	705,965	-	-	-	705,965
Outreach	163,384	163,384	40,846	40,846	408,460
Interest	310,635	-	-	-	310,635
Office	34,833	34,833	8,708	8,708	87,082
Professional Fees	20,020	20,020	5,005	5,005	50,050
Depreciation	33,295	-	-	-	33,295
Training	5,043	5,043	5,043	5,043	20,172
Insurance	3,487	3,487	3,487	3,487	13,948
Loan Administration	3,289	3,289	3,289	3,289	13,156
Repairs and Maintenance	3,141	3,141	785	785	7,852
Telephone	3,055	3,055	764	764	7,638
Travel	2,862	2,862	715	715	7,154
	<u>\$ 1,611,882</u>	<u>\$ 601,193</u>	<u>\$ 288,605</u>	<u>\$ 330,947</u>	<u>\$ 2,832,627</u>
Total Functional Expenses	<u>\$ 1,611,882</u>	<u>\$ 601,193</u>	<u>\$ 288,605</u>	<u>\$ 330,947</u>	<u>\$ 2,832,627</u>

See accompanying Notes to Financial Statements.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (714,728)	\$ (194,393)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	20,825	20,172
Provision for Credit Losses	1,003,896	555,745
Changes in Assets and Liabilities:		
Grants and Contracts Receivable	7,758	(15,474)
Interest Receivable	(26,751)	(33,481)
Other Assets	(155)	(165)
Accounts Payable	7,626	16,529
Accrued Liabilities	(35,381)	7,250
Interest Payable	5,947	5,898
Cash Held for Others	-	(93,083)
Net Cash Provided by Operating Activities	269,037	268,998
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Repayments	6,183,387	5,525,708
Loans Issued	(8,663,890)	(7,808,417)
Purchase of Property and Equipment	(6,215)	(36,523)
Net Cash Used by Investing Activities	(2,486,718)	(2,319,232)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Secured Borrowings	737,336	4,445,899
Proceeds from Acquisition of Notes Payable	151,514	1,061,507
Principal Payments on Notes Payable	(218,090)	(819,452)
Net Cash Provided by Financing Activities	670,759	4,687,954
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,546,922)	2,637,720
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	8,461,968	5,824,248
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 6,915,046	\$ 8,461,968
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Repossession of Collateral on Defaulted Loan	\$ 184,000	\$ -

See accompanying Notes to Financial Statements.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The New Mexico Community Development Loan Fund, Inc. (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.

Net Assets Without Donor Restriction – 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.

Net Assets With Donor Restriction – 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.

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, 2024 and 2023, the Loan Fund invested in certificates of deposit of \$59,007 and \$58,684, respectively. As of December 31, 2024, the certificate of deposit interest rate was 0.55% and the maturity date in November 2025.

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.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of cash and a certificate of deposit held related to New Mexico Economic Development Fund and the SBA loan loss cash reserve accounts.

Restricted cash related to the loan loss reserve totaled approximately \$332,000 and \$330,000 at December 31, 2024 and 2023, respectively. Restricted cash required is a minimum of 15% of the outstanding payable to SBA per program requirements.

Loans Receivable

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for credit losses on loans, and any deferred fees or costs on originated loans.

The accrual of interest on all loans is discontinued at the time the loan is determined to be high risk and is past due, unless the credit is well-secured and/or is in the process of collection. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal and/or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. If collectibility of the principal and interest is in doubt, payments are applied to loan principal. The determination of ultimate collectibility is supported by a current, well documented credit evaluation of the borrower's financial condition and prospects for repayment, including consideration of the borrower's sustained historical repayment performance and other relevant factors. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, the borrower has demonstrated a period of sustained performance, and/or future payments are reasonably assured.

The Loan Fund assigns a risk rating to all loans and periodically performs detailed internal reviews of all such loans over a certain threshold to identify credit risks and to assess the overall collectibility of the portfolio. During the internal reviews, management monitors and analyzes the financial condition of borrowers and guarantors, trends in the industries in which the borrowers operate and the fair values of collateral securing the loans. The risk ratings can be grouped into three major categories, defined as follows:

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Receivable (Continued)

Low Risk: Loans that have had on-time payments history within the past 12 months and are current.

Moderate Risk: Loans that have no more than two late payments within the period of the last 12 months. These loans are current, or balances are 89 days or less past due.

High Risk: Loans that have delinquent payment history. Management defines delinquent payment history to be more than 2 late payments within the last 12 months. Additionally, all loans with a balance greater than or equal to 90 days past due will be considered high risk. This will include any loans that have been placed on nonaccrual status.

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.

Only after collateral has been satisfied and all legal action for recovery has been exhausted, loans will be written off as uncollectable.

Allowance for Loan Losses

The allowance for credit losses on loans is a valuation account that is deducted from the amortized cost basis of loans to present the net amount expected to be collected. The allowance for credit losses on loans is adjusted through the provision for credit losses to the amount of amortized cost basis not expected to be collected at the balance sheet date. Loan losses are charged off against the allowance for credit losses on loans when the Loan Fund determines the loan balance to be uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance for credit losses on loans.

The measurement of expected credit losses encompasses information about historical events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Qualitative adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as delinquencies, changes in environmental conditions of the business or customer, or other relevant factors that impact the collectibility of the loan.

Expected credit losses are estimated on a collective basis for groups of loans that share similar risk characteristics. For loans that do not share similar risk characteristics with other loans such as collateral dependent loans, expected credit losses are estimated on an individual basis. For 2024 and 2023, there were no loans that were assessed on this individual basis.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

Expected credit losses are estimated over the contractual terms of the loans, adjusted for expected prepayments. The contractual term excludes expected extensions, renewals, and modifications unless the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Loan Fund.

Loans are charged off against the allowance for credit losses on loans in the period in which they are deemed uncollectible, and recoveries are credited to the allowance for credit losses on loans when received. Expected recoveries on loans previously charged off and expected to be charged-off are included in the allowance for credit losses on loans estimate.

The weighted average remaining maturity (WARM) method is used for each of the risk rating category segments. The WARM method considers an estimate of expected credit losses over the remaining life of the financial assets and uses average annual charge-off rates to estimate the allowance for credit losses. For amortizing assets, the remaining contractual life is adjusted by the expected scheduled payments and prepayments. The average annual charge-off rate is applied to the amortization-adjusted remaining life to determine the unadjusted lifetime historical charge-off rate.

The Loan Fund's expected loss estimate is anchored in historical credit loss experience, with an emphasis on all available portfolio data. The Loan Fund's historical look-back period includes January 2019 through the current period, on an annual basis. The historical loss experience for the segments is primarily determined using a Cohort method. This method pools loans into groups ("cohorts") sharing similar risk characteristics and tracks each cohort's historical net charge-offs to calculate a historical loss rate. The historical loss rates for each cohort are then averaged to calculate an overall historical loss rate which is applied to current loan balances to arrive at the quantitative baseline portion of the allowance for the portfolio segment.

Qualitative reserves reflect management's overall estimate of the extent to which current expected credit losses on collectively evaluated loans will differ from historical loss experience. The analysis takes into consideration other analytics performed within the organization, such as enterprise and concentration management, along with other credit-related analytics as deemed appropriate. Management attempts to quantify qualitative reserves whenever possible. The CECL methodology applied focuses on evaluation of qualitative and environmental factors, including but not limited to: (i) evaluation of facts and issues related to specific loans; (ii) management's ongoing review and grading of the loan portfolio; (iii) consideration of historical loan loss and delinquency experience on each portfolio segment; (iv) trends in past due and nonperforming loans; (v) the risk characteristics of the various loan segments; (vi) changes in the size and character of the loan portfolio; (vii) concentrations of loans to specific borrowers or industries; (viii) existing economic conditions; (ix) the fair value of underlying collateral; and (x) other qualitative and quantitative factors which could affect expected credit losses.

The Loan Fund's CECL estimate applies a forecast that incorporates macroeconomic trends and other environmental factors. Management utilized national, regional and local leading economic indexes, as well as management judgment, as the basis for the forecast period. The historical loss rate was utilized as the base rate, and qualitative adjustments can be utilized to reflect the forecast and other relevant factors.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

Although management believes the allowance for credit losses on loans to be adequate, ultimate losses may vary from its estimates. At least quarterly, the board of directors reviews the adequacy of the allowance for credit losses on loans, including consideration of the relevant risks in the portfolio, current economic conditions, and other factors.

Grants and Contracts Receivable

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

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 3 to 39 years.

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.

Revenue Recognition

A portion of the Organization's revenue is derived from cost reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

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.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statements 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.

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.

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.

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.

Subsequent Events

We have evaluated subsequent events through September 22, 2025, the date the financial statements were available to be issued.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 6,582,850	\$ 8,131,128
Restricted Cash and Cash Equivalents Included in Assets Restricted to Debt Financial Loan Loss Reserve and Collateral	<u>332,196</u>	<u>330,840</u>
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statement of Cash Flows	<u>\$ 6,915,046</u>	<u>\$ 8,461,968</u>

NOTE 3 LOANS RECEIVABLE

The Loan Fund had loans receivable of approximately \$34,668,000 and \$33,376,000, net of allowance for loan losses at December 31, 2024 and 2023, respectively. The Components of loans held for sale are as follows:

	<u>2024</u>	<u>2023</u>
Investment Loans:		
New Mexico Small Business Investment Council	\$ 30,083,191	\$ 29,140,403
New Mexico Loan Fund Amounts	2,317,400	2,393,399
Financial Institution Loans	2,127,227	1,371,962
SBA 7(a) Loans	896,698	968,644
USDA IRP Loans	179,631	216,337
Private Foundation Loans	151,479	-
Subtotal	<u>35,755,626</u>	<u>34,090,745</u>
Allowance for Credit Losses	<u>(1,087,317)</u>	<u>(715,044)</u>
Total	<u>\$ 34,668,309</u>	<u>\$ 33,375,701</u>

The provision for credit losses is determined by the Loan Fund as the amount to be added to the allowance for credit losses for various types of financial instruments including loans, investment securities, and unfunded commitments after net charge-offs have been deducted to bring the allowance for credit losses to a level that, in management's judgment, is necessary to absorb expected credit losses over the lives of the respective financial instruments. The components of the provision for credit losses included in the statements of income for the years ended December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Balance - Beginning of Year	\$ 715,044	\$ 388,031
Opening Period Adjustment	-	150,220
Provision for Credit Losses	1,003,896	705,965
Loans Charged-Off	(821,665)	(567,527)
Recoveries	190,042	38,355
Balance - End of Year	<u>\$ 1,087,317</u>	<u>\$ 715,044</u>

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3 LOAN RECEIVABLE (CONTINUED)

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

	Accruing Interest				
	Current	30-89 Days Past Due	More Than		Total Loans
			90 Days Past Due	Total Nonaccrual	
Low Level	\$ 20,828,969	\$ 163,540	\$ 6,385	\$ 20,998,894	\$ -
Moderate Level	3,617,622	3,664	808	3,622,094	-
SBA Loans	925,863	2,598	-	928,461	-
High Level	9,755,707	39,666	515,975	10,311,348	210,907
Total	<u>\$ 35,128,161</u>	<u>\$ 209,468</u>	<u>\$ 523,168</u>	<u>\$ 35,860,797</u>	<u>\$ 210,907</u>

	Accruing Interest				
	Current	30-89 Days Past Due	More Than		Total Loans
			90 Days Past Due	Total Nonaccrual	
Low Level	\$ 20,289,495	\$ 13,514	-	\$ 20,303,009	\$ -
Moderate Level	8,117,733	124	-	8,117,857	-
High Level	4,996,575	48,015	625,289	5,669,879	431,841
Total	<u>\$ 33,403,804</u>	<u>\$ 61,652</u>	<u>\$ 625,289</u>	<u>\$ 34,090,745</u>	<u>\$ 431,841</u>

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

When loans are modified and economic concessions are granted to borrowers who are experiencing financial difficulties, these loans are considered to be loan modifications to borrowers experiencing financial difficulties. The primary modifications to borrowers experiencing financial difficulty may include interest rate reductions, principal or interest deferral, forbearances, term extensions, and other actions intended to minimize economic loss and to avoid foreclosure or repossession of collateral. The following table presents the amortized cost basis of loan modifications made to borrowers experiencing financial difficulty during the year ended:

	During the Year Ended December 31, 2024								
	Risk Rating								Total
	Low		Moderate		SBA Loans		High		
	Number	Balance	Number	Balance	Number	Balance	Number	Balance	
Type of Modification:									
Interest Rate Adjustment	5	\$ 2,055,420	1	\$ 44,751	-	-	1	\$ 57,449	\$ 2,157,620
Extended Maturities	26	4,333,507	16	968,126	1	5,690	41	3,332,389	8,639,711
Maturity and Interest Rate Adjustment	10	841,677	8	326,176	-	-	19	1,880,322	3,048,175
Deferred Payments	-	-	-	-	3	89,224	4	409,569	498,793
Other	2	268,241	1	52,011	-	-	5	469,301	789,553
Total	<u>43</u>	<u>\$ 7,498,845</u>	<u>26</u>	<u>\$ 1,391,064</u>	<u>4</u>	<u>\$ 94,914</u>	<u>70</u>	<u>\$ 6,149,030</u>	<u>\$ 15,133,853</u>

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3 LOAN RECEIVABLE (CONTINUED)

	During the Year Ended December 31, 2023						
	Risk Rating						Total
	Low		Moderate		High		
	Number	Balance	Number	Balance	Number	Balance	
Type of Modification:							
Interest Rate Adjustment	4	\$ 154,185	-	\$ -	2	\$ 265,130	\$ 419,315
Extended Maturities	54	3,478,187	27	1,747,775	34	2,006,011	7,231,973
Maturity and Interest Rate Adjustment	11	604,073	10	1,013,837	6	306,519	1,924,429
Deferred Payments	1	89,233	-	-	2	114,622	203,855
Other	5	164,791	3	279,340	4	143,331	587,462
Total	<u>75</u>	<u>\$ 4,490,469</u>	<u>40</u>	<u>\$ 3,040,952</u>	<u>48</u>	<u>\$ 2,835,613</u>	<u>\$ 10,367,122</u>

The Loan Fund does not have material commitments to lend additional funds to borrowers with loans whose terms have been modified or whose loans are on nonaccrual.

Borrowers that had previously experienced financial difficulty and who received economic concessions and subsequently defaulted after the concessions were made is as follows:

	During the Year Ended December 31, 2024								
	Risk Rating							Total	
	Low		Moderate		SBA Loans		High		
	Number	Balance	Number	Balance	Number	Balance	Number		Balance
Type of Modification:									
Extended Maturities	-	-	2	255,601	-	-	2	88,340	343,942
Maturity and Interest Rate Adjustment	1	112,401	-	-	-	-	1	45,270	157,670
Deferred Payments	-	-	1	97,727	1	50,117	-	-	147,844
Total	<u>1</u>	<u>\$ 112,401</u>	<u>3</u>	<u>\$ 353,328</u>	<u>1</u>	<u>\$ 50,117</u>	<u>3</u>	<u>\$ 133,610</u>	<u>\$ 649,456</u>

	During the Year Ended December 31, 2023						
	Risk Rating					Total	
	Low		Moderate		High		
	Number	Balance	Number	Balance	Number		Balance
Type of Modification:							
Extended Maturities	1	41,045			1	50,674	91,719
Maturity and Interest Rate Adjustment	-	-	2	\$ 230,449	1	61,798	292,248
Deferred Payments	-	-	-	-	3	109,331	109,331
Total	<u>1</u>	<u>\$ 41,045</u>	<u>2</u>	<u>\$ 230,449</u>	<u>5</u>	<u>\$ 221,804</u>	<u>\$ 493,305</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2024	2023
Building and Improvements	\$ 443,325	\$ 443,325
Furniture and Equipment	154,514	154,514
Land	91,500	91,500
Software	6,215	-
Total	<u>695,554</u>	<u>689,339</u>
Less: Accumulated Depreciation	<u>333,458</u>	<u>312,633</u>
Net Property and Equipment	<u>\$ 362,096</u>	<u>\$ 376,706</u>

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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, 2024 and 2023.

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 4.75%. Maturity dates range from January 2023 to October 1, 2042. These notes payable are collateralized by loans receivable. As of December 31, 2024 and 2023, 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 \$41,652,717 and \$40,981,958 as of December 31, 2024 and 2023, respectively.

	<u>2024</u>	<u>2023</u>
Notes Payable:		
Governmental Entities	\$ 1,176,569	\$ 1,379,343
Faith Based Organization	371,181	371,181
Individuals and Trusts	500,446	531,932
Managed Accounts	1,700,000	1,700,000
Foundations and Nonprofit Organizations	500,000	500,000
Organizations and Corporations	707,683	540,000
Financial Institutions	2,850,000	2,850,000
Secured Debt	33,346,838	32,609,502
Subordinated Note Payable	500,000	500,000
Total Debt at December 31	<u>\$ 41,652,717</u>	<u>\$ 40,981,958</u>

Future principal payments on the notes payable, secured debt, and subordinated note payable as of December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 4,001,756
2026	1,201,077
2027	1,064,538
2028	1,161,941
2029	522,079
Thereafter	33,701,326
Total	<u>\$ 41,652,717</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.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

Secured Debt

The Loan Fund has an agreement with a third party to provide up to \$35,000,000 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 times, the difference in principal payments may represent an amount due from the third party. At December 31, 2024 principal payments due to the revolving fund were \$248,562. At December 31, 2023, principal payments due from the revolving fund were \$830,465.

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

The amount of donor-restricted net assets as of December 31, 2024 and 2023 was \$126,965. The balance as of December 31, 2024 and 2023 is comprised of \$125,000 of lending capital for loans to third parties and \$1,965 for the Sister Marie fund for both years.

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, Inc. Retirement Plan are at the discretion of the board. The board elected to contribute 3% of eligible employees' salaries during 2024 and 2023. Employer contributions for the years there ended December 31, 2024 and 2023 were \$20,965 and \$23,588, 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, 2024 and 2023 the cash in excess of FDIC limits totaled \$5,532,031 and \$7,214,414, respectively. 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.

NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 10 CONCENTRATIONS OF SECURED DEBT

The Loan Fund has a secured note payable of approximately \$33,350,000 and \$32,610,000 as of December 31, 2024 and 2023, respectively. This note payable represents approximately 80% and 80% of total notes payable and secured debt at December 31, 2024 and 2023, 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 \$1,404,861 and \$3,765,610 as of December 31, 2024 and 2023, respectively.

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:

	2024	2023
Cash and Cash Equivalents	\$ 6,582,850	\$ 8,131,128
Grants and Contracts Receivable	83,750	91,508
Interest Receivable	248,329	221,578
Financial Assets, as of December 31	6,914,929	8,444,214
Less: Net Assets with Donor Restriction	(126,965)	(126,965)
Less: Unfunded Commitments	(1,404,861)	(3,765,610)
Financial Assets Available Within One Year to Meet Cash Needs of General Expenditures Within One Year	\$ 5,383,103	\$ 4,551,639

**NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Small Business Administration (SBA) Microloan Program				
Microloan SBA III - Aug 2020 to June 2021 (SBAOCAML200080-01-00)	59.046		\$ -	\$ 185,774
Microloan SBA IV - July 2021 to June 2022 (SBAOCAML210260-01-00)	59.046		-	583,507
Microloan SBA V - July 2022 to June 2023 (SBAOCAML220337-01-00)	59.046		-	546,279
SBA TA - July 2023 to June 2024 (SBAOCAML230504-01-00)	59.046		-	105,971
SBA TA - July 2024 to June 2025 (SBAOCAML240581-01-00)	59.046		-	88,245
Total Small Business Administration Program			-	1,509,777
United States Department of Agriculture				
Intermediary Relending Program	10.767		-	216,337
Total United States Department of Agriculture			-	216,337
Total Expenditures of Federal Awards			\$ -	\$ 1,726,114

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2024**

NOTE 1 BASIS OF PRESENTATION

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

NOTE 2 10% DE MINIMUS INDIRECT COST RATE

The Loan Fund has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 LOANS

Expenditures reported in this schedule consist of the beginning of the year outstanding loan balance plus advances made on the loan during the year. The outstanding balance at December 31, 2023 for the Small Business Administration loans, Federal Assistance Listing #59.046, was \$968,644.

NOTE 4 FEDERAL FUNDED INSURANCE

The Loan Fund has no federally funded insurance.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, the financial statements of New Mexico Community Development Loan Fund, Inc. (a New Mexico nonprofit corporation), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Mexico Community Development Loan Fund, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Mexico Community Development Loan Fund, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of New Mexico Community Development Loan Fund, Inc.'s internal control.

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Phoenix, Arizona
September 22, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New Mexico Community Development Loan Fund, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of New Mexico Community Development Loan Fund, Inc.'s major federal programs for the year ended December 31, 2024. New Mexico Community Development Loan Fund, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, New Mexico Community Development Loan Fund, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of New Mexico Community Development Loan Fund, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of New Mexico Community Development Loan Fund, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to New Mexico Community Development Loan Fund, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Phoenix, Arizona
September 22, 2025

**NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
59.046	Small Business Administration (SBA) Microloan Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes x no

**NEW MEXICO COMMUNITY DEVELOPMENT LOAN FUND, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with *Uniform Guidance* 2 CFR 200.516(a).



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