



# HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**VENTANA FUND AND  
WHOLLY OWNED SUBSIDIARY  
INDEPENDENT AUDITOR'S REPORT  
AND CONSOLIDATED FINANCIAL  
STATEMENTS**

**For The Year Ended September 30, 2021  
With Comparative Totals for 2020**



**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
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**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY  
OFFICIAL ROSTER  
As of September 30, 2021**

Board of Directors

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D. Todd Clarke	Chair
Paul Cassidy	Vice-Chair
Elizabeth Bernal	Secretary
Steven Anaya	Treasurer
Catherine Hummel	Member
Robbie Levey	Member
Shawn Colbert	Member
Peter Gineris	Member
George Maestas	Member

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Ventana Fund  
Albuquerque, New Mexico

### **Opinion**

We have audited the accompanying consolidated financial statements of the Ventana Fund (a nonprofit organization) and Valencia Park, LLC (a wholly owned subsidiary of Ventana Fund), which comprise the consolidated statement of financial position as of September 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organizations as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis of Opinion**

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 Organizations 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 opinion.

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

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations'

ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we:

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

### **Other Matters**

#### **Report on Summarized Comparative Information**

We have previously audited the Organizations' September 30, 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report

dated April 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedules, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. One of those schedules, the schedule of expenditures of federal awards, is required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the 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 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2022, on our consideration of the Organizations' 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 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 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 the Organizations' internal control over financial reporting and compliance.

*Hinkle & Landers, P.C.*

Hinkle + Landers, P.C.  
Albuquerque, NM  
February 10, 2022

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As of September 30, 2021, With Comparative Totals For 2020**

	Notes	2021	2020
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	C	\$ 789,562	172,336
Restricted cash and cash equivalents	C, G	1,833,516	1,999,103
Interest receivable		10,129	49,494
Mortgage servicer receivables	E	798,406	1,177,879
Rent receivable		2,571	963
Prepaid insurance		6,910	1,502
Mortgages receivable, net of allowance of \$7,551 and \$758, respectively	D	<u>973,622</u>	<u>119,369</u>
Total current assets		<u>4,414,716</u>	<u>3,520,646</u>
Non-Current Assets			
Security deposit		775	-
Property and equipment, net of accum. deprec.	F	1,214,126	1,249,025
Mortgages receivable, net of allowance of \$331,660 and \$315,175, respectively	D	<u>9,742,402</u>	<u>6,472,359</u>
Total non-current assets		<u>10,957,303</u>	<u>7,721,384</u>
<b>TOTAL ASSETS</b>		<b>\$ <u>15,372,019</u></b>	<b><u>11,242,030</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Prepaid rent	\$	6,893	-
Advances on grants		1,826,265	-
Accounts payable and accrued liabilities		22,298	398,451
Accrued interest payable		37,685	13,572
Security deposits and last month's rent		7,251	5,100
Mortgages payable - current portion		-	-
Current portion of SBIC promissory note	N	<u>1,005,463</u>	<u>146,894</u>
Total current liabilities		<u>2,905,855</u>	<u>564,017</u>
Long-Term Liabilities			
Non-current portion of SBIC promissory note	N	<u>6,691,664</u>	<u>4,965,837</u>
Total long-term liabilities		<u>6,691,664</u>	<u>4,965,837</u>
<b>TOTAL LIABILITIES</b>		<b><u>9,597,519</u></b>	<b><u>5,529,854</u></b>
Net Assets			
Without donor restrictions:			
Undesignated		195,374	129,145
Property and equipment, net of related debt		1,214,126	1,249,025
With donor restrictions			
Restricted for purpose and time	H	765,000	734,006
Restricted for perpetuity	G	<u>3,600,000</u>	<u>3,600,000</u>
Total net assets		<u>5,774,500</u>	<u>5,712,176</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>\$ <u>15,372,019</u></b>	<b><u>11,242,030</u></b>

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.



**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For The Year Ended September 30, 2021, With Comparative Totals For 2020**

	Notes	2021				2020 Totals	
		Without Donor Restrictions	With Donor Restrictions		Total		
		Purpose/Time Restricted	Perpetually Restricted				
Revenue							
Mortgage interest	\$	355,698	-	-	-	355,698	140,960
Rent income		132,980	-	-	-	132,980	145,809
Loan fees		76,624	-	-	-	76,624	70,852
Investment interest		3,970	-	-	-	3,970	14,826
Contributions		6,330	-	-	-	6,330	-
Other operating income		3,123	-	-	-	3,123	521
Total Revenue		<u>578,725</u>	-	-	-	<u>578,725</u>	<u>372,968</u>
Public Support							
Grants		-	-	-	-	-	794,606
Satisfaction of program restrictions		(30,994)	30,994	-	30,994	-	-
Total Support, Revenue, & Reclassifications		<u>547,731</u>	<u>30,994</u>	-	<u>30,994</u>	<u>578,725</u>	<u>1,167,574</u>
Expenses							
Programs		232,148	-	-	-	232,148	351,323
Administrative and general		284,253	-	-	-	284,253	127,917
Total Expenses		<u>516,401</u>	-	-	-	<u>516,401</u>	<u>479,240</u>
Change in net assets		31,330	30,994	-	30,994	62,324	688,334
Net assets, beginning		<u>1,378,170</u>	<u>734,006</u>	<u>3,600,000</u>	<u>4,334,006</u>	<u>5,712,176</u>	<u>5,023,842</u>
Net assets, ending	\$	<u><u>1,409,500</u></u>	<u><u>765,000</u></u>	<u><u>3,600,000</u></u>	<u><u>4,365,000</u></u>	<u><u>5,774,500</u></u>	<u><u>5,712,176</u></u>

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**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended September 30, 2021, With Comparative Totals For 2020**

	2021							
	Program Services			Administrative and General		Total		
	Ventana Fund	Valencia Park	Total Program	Ventana Fund	Valencia Park	Administrative and General	Total 2021	2020
Contract services and professional fees	\$ 80,398	24,935	105,333	134,720	-	134,720	240,053	149,798
Interest expense	-	-	-	111,184	-	111,184	111,184	25,037
Utilities	-	24,588	24,588	-	-	-	24,588	15,751
Provisions for loan losses	23,278	-	23,278	-	-	-	23,278	175,233
Professional services	17,034	-	17,034	-	-	-	17,034	23,732
Property taxes	-	14,626	14,626	-	-	-	14,626	13,884
Management fees	-	-	-	-	14,109	14,109	14,109	8,512
Insurance	-	5,822	5,822	4,625	-	4,625	10,447	7,880
Dues and subscriptions	-	-	-	7,626	-	7,626	7,626	750
Office expense	-	-	-	6,589	-	6,589	6,589	-
Rent	-	-	-	4,650	-	4,650	4,650	-
Appliances	-	3,388	3,388	-	-	-	3,388	1,454
Bank fees	1,781	-	1,781	-	194	194	1,975	1,454
Repairs and maintenance	-	845	845	-	-	-	845	162
Professional development	-	-	-	556	-	556	556	-
Miscellaneous expenses	435	119	554	-	-	-	554	8,193
Emergency expense funding	-	-	-	-	-	-	-	12,500
Total expenses before depreciation	122,926	74,323	197,249	269,950	14,303	284,253	481,502	444,340
Depreciation expense	-	34,899	34,899	-	-	-	34,899	34,900
Total expenses	\$ 122,926	109,222	232,148	269,950	14,303	284,253	516,401	479,240

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For The Year Ended September 30, 2021, With Comparative Totals For 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Mortgage interest	\$ 395,063	102,190
Rent income	140,416	145,710
Loan fees	76,624	70,852
Investment interest	3,970	14,826
Grants	-	794,606
Contributions and other operating income	9,453	521
	625,526	1,128,705
Cash paid to suppliers	(329,110)	(228,779)
Cash owed to suppliers	(376,153)	371,270
Interest expense paid	(111,184)	(25,037)
Net cash provided (used) by operating activities	(190,921)	1,246,159
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash disbursements of loan principal	(5,558,861)	(5,789,809)
Cash receipts from loan principal repayments	1,790,760	1,384,862
Net cash provided (used) by investing activities	(3,768,101)	(4,404,947)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds/(use) of advances of grant restricted for loan purposes	1,826,265	(229,607)
Proceeds from mortgage payable	-	(194,250)
Proceeds from line of credit	2,731,290	4,761,920
Net cash provided (used) by financing activities	4,557,555	4,338,063
Net increase (decrease) in cash, cash equivalents, and restricted cash	598,533	1,179,275
Cash, cash equivalents, and restricted cash, beginning of year	2,171,439	992,164
Cash, cash equivalents, and restricted cash, end of year	\$ 2,769,972	2,171,439
 <b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities</b>		
Change in net assets	\$ 62,324	688,334
Provision for loan losses	23,278	175,233
Depreciation	34,899	34,900
Changes in assets and liabilities:		
Interest receivable	39,365	(38,770)
Rent receivable	(1,608)	801
Prepaid insurance	(5,408)	2,084
Security deposit	(775)	-
Prepaid rent	6,893	(600)
Accounts payable and accrued liabilities	(376,153)	371,270
Security deposits and last month's rent	2,151	(300)
Accrued interest payable	24,113	13,207
Net cash provided (used) by operating activities	\$ (190,921)	1,246,159

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021, With Comparative Totals for 2020**

**NOTE A—NATURE OF OPERATIONS**

**Organizations**

Ventana Fund and its wholly owned subsidiary (the Organizations) were organized to increase the number of decent affordable housing available to New Mexico's low-income residents.

**Ventana Fund**

The Ventana Fund (Ventana) was formed on February 27, 2014. It was organized and incorporated as a New Mexico nonprofit corporation by private citizens and housing professionals who are dedicated to increasing the number of decent affordable homes available to New Mexico's low-income residents.

The mission of Ventana is to meet the critical need for an increased supply of early stage financing for affordable housing construction and rehabilitation in New Mexico. Ventana is committed to dramatically increasing the amount of low-interest rate loans available to qualified housing developers who build and rehabilitate affordable housing. Ventana was certified as a Community Development Financial Institution (CDFI) by the U.S. Department of the Treasury in March 2015.

**Valencia Park, LLC**

In December 2018, the Ventana board of directors approved the purchase of a property located at 924 Valencia Park S.E., a 20-unit multi-family property, located in Albuquerque New Mexico. The Ventana Fund created a limited liability corporation (Valencia Park, LLC) for the purpose of providing affordable housing in the community as well as the opportunity to improve its cashflow and meet long-term goals of becoming a more self-sufficient and self-directed organization so it can produce more impact statewide. Valencia Park, LLC (Valencia) is a limited liability company and Ventana is the managing and sole member of the entity.

The purchase price for the multi-family property was \$1,295,000. Ventana contracted with a professional property management company to oversee the property and collection of rents.

Valencia financed the purchase of the multi-family property by obtaining loans in the amounts of \$1,100,750 and \$194,250 with Ventana and a third-party lender, respectively. In September 2020, the loans were refinanced under a new loan with Ventana in the amount of \$1,264,699. As of September 30, 2021, the balance on this loan was 1,230,921.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021, With Comparative Totals for 2020**

**Target Markets**

The Organizations are committed to financing affordable housing in low-income communities, economically distressed communities and market niches that are underserved by traditional financial institutions. Communities served by Ventana include:

- Low-income populations earning less than 80% area median income
- Tribal communities
- Rural communities
- CDFI investment areas

Ventana Fund also focuses on hard-to-finance projects, such as older rental projects needing rehabilitation.

**Consolidated Financial Statements**

Valencia Park, LLC is a wholly owned subsidiary of the Ventana Fund. As Ventana is the sole corporate member of the LLC, the consolidated financial statements for the years ended September 30, 2021 and 2020 include the accounts of Ventana and Valencia Park. All significant inter-entity accounts and transactions have been eliminated in the consolidation.

See the supplementary financial statements for the individual financial statements of each organization and eliminations as identified in the table of contents.

**NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Organizations are required to report information regarding its financial position and activities according to two classes of net assets: Net assets with donor restrictions and net assets without donor restrictions are defined as follows:

**Net Assets without Donor Restrictions**

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organizations. The Organizations' Board of Directors may designate assets without restrictions for specific operational purposes from time to time.

The undesignated net assets represent the investment in undesignated assets and amounts invested in property and equipment, less accumulated depreciation and amortization and any related debt.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021, With Comparative Totals for 2020**

**Net Assets with Donor Restrictions - Temporary in Nature**

Net assets with temporary donor restrictions are the result of contributions and other inflows of assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions can be fulfilled and removed by actions of the Organizations pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature. See Net Assets with Donor Restrictions – Temporary in Nature Note H.

**Net Assets with Donor Restrictions - Perpetual in Nature**

Net assets with perpetual donor restrictions resulting from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of the Organizations. See Net Assets with Donor Restrictions – Perpetual in Nature Note G.

**Basis of Accounting**

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Cash and Cash Equivalents**

The Organizations consider all highly liquid investments with a maturity date of less than three months when purchased to be cash equivalents.

**Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents represent grant funds received and required by the grantor to be used to provide mortgage loans to qualified borrowers. Security deposits and last month's rent received from renters of Valencia are also included in restricted cash balances. See Note C for details.

**Liquidity and Availability of Financial Resources**

The Organizations regularly monitor liquidity to meet their cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designations, the nature of the underlying assets, external limitations imposed by donors or contracts with others. The Organizations are substantially supported by restricted grants. Because a donor's restriction required resources to be used in a particular manner or in a future period, the Organizations must maintain sufficient resources to meet those responsibilities to its donors. These financial assets may not be available for general expenditure within one year. As part of the Organizations' liquidity management they have a policy to structure their financial assets to be available as their general expenditures, liabilities, and other obligations come due. In addition, the Organizations can invest cash in excess of daily requirements in short-term investments. Occasionally, the board designates a portion of any operating surplus to its liquidity reserve.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021, With Comparative Totals for 2020**

Liquidity is as follows:

	2021	2020
Total cash	\$ 2,623,078	2,171,439
Interest receivable	10,129	49,494
Mortgage servicer receivables	798,406	1,177,879
Rent receivable	2,571	963
Mortgage receivables expected to be received within one year, net of allowance	973,622	119,369
Less those unavailable for general expenditures within one year, due to:		
Advances on grants	(1,826,265)	-
Restricted by donor with purpose restrictions	(765,000)	(734,006)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,816,541	2,785,138
 Undrawn line of credit	 2,802,873	 387,269

Donor restricted funds are available for expenditure upon satisfaction of the restriction, the expected timing of which is not generally determinable in advance.

**Mortgages Receivable**

Mortgages receivable that are expected to be collected within one year are recorded at net realizable value. Mortgages receivable that are expected to be collected after one year are also recorded at net realizable value which management believes materially approximates the present value of expected future cash flows using an estimated discount rate.

Collection is enforced through a promissory note and mortgage deed which are recorded in public records. Default occurs upon the failure of the borrower to pay any installment on the loan when it becomes due.

The terms of duration and historical prevailing interest rates are as follow:

Original Maturity of Mortgages	Interest Rates on Mortgages
2-10 Years	0%-5%

**Mortgage Interest Income**

Mortgage interest income is recognized upon receipt with interest amounts determined by the loan terms and may be received monthly, quarterly, annually, upon maturity, or on another approved payment schedule. Interest income is presented net of loan service fees. Application and origination fees, including a minimum 1% loan fee, are assessed on each loan request and recognized as revenue upon receipt. Periodic loan payments are typically interest only with all unpaid interest, plus unpaid fees and outstanding principal balance due on or before the loan maturity date.

**Allowance for Uncollectible Accounts**

An allowance for loan losses is estimated by Ventana's management based on risk ratings assigned to each mortgage note. Risk ratings are adjusted no more than quarterly, but no less than annually, based

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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on the performance and analysis of each note's collection history. Loan risk ratings on Ventana's loans are as follows:

Rating	Category	2021	2020
		# of Loans	# of Loans
1	Excellent Repayment Probability	26	16
2	Good Repayment Probability	0	4
3	Impaired Payment Ability	0	0
4	Significantly Impaired Repayment Ability	0	0
		26	20

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of management's estimates. Estimates and assumptions may be required by management that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Donor Restricted Gifts**

Unconditional promises to give cash and other assets to the Organizations are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Gifts received with donor stipulations that limit the use of the donated assets are reported as support with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished by the Organizations, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying consolidated financial statements. There are no outstanding unconditional promises to give at September 30, 2021 or 2020.

**Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. Realized and unrealized gains and losses on investments are included in the accompanying consolidated statement of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in net assets without donor restrictions unless donor-imposed restrictions have not been met in the reporting period in which the income and gains are recognized.

The fair value of investments is subject to ongoing fluctuations. The amount ultimately realized upon disposition may differ than the amounts reported in these combined financial statements. Fair value



**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021, With Comparative Totals for 2020**

estimates for securities are currently volatile, difficult to predict, and subject to material changes that could affect the Organizations' financial condition and results of operations in the future.

The carrying amounts of cash and cash equivalents, receivables (other than mortgage receivables), payables, accrued expenses and other liabilities approximate fair value due to the short maturity periods of these instruments.

**Summary of Fair Value Exposure**

U.S. generally accepted accounting principles, as they relate to fair value measurement, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under Fair Value Measurement are described follows:

Level 1 Inputs:

- a) Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Inputs:

- a) Quoted prices for similar assets or liabilities in active markets.
- b) Quoted prices for identical or similar assets or liabilities in inactive markets.
- c) Inputs other than quoted prices that are observable either directly or indirectly, for the term of the asset or liabilities (interest rates, yield curves, credit risks) or market corroborated inputs.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full of the asset or liability.

Level 3 Inputs:

- a) Prices or valuation techniques that require inputs that are both unobservable (i.e. supported by little or no market activity) and that are significant to the fair value of the assets or liabilities.
- b) These assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement or estimation.

There are no assets or liabilities measured at fair value on a recurring basis to disclose in tabular form for the years ended as of September 30, 2021 and 2020.

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**Revenue Recognition**

In accordance with accounting principles generally accepted in the United States of America, revenue is recorded when earned rather than received. The following summarizes the revenue recognition policies for major classifications of revenue:

- *Loan Program Grant*—These grant funds are considered exchange type transactions as Ventana must meet certain performance goals before the revenue is recognized. The funds will be maintained as revolving lines to be used for future lending under the program. All principal payments received from borrowers will be retained by Ventana and used to fund subsequent loans. All such subsequent loans will require approval of the Board of Directors and must be in accordance with the provisions of the CDFI or other loan program guidelines. Due to the requirement that the Board of Directors must approve all subsequent loans under these grants, such grants will be recorded as net assets with donor restrictions. Ventana retains all of the interest collected, a portion of which is to be used for future loan programs and a portion to cover administration costs.
- *Rental Income*—Valencia Park, LLC charges tenants for apartment rentals ranging from \$550 to \$940 per month based on a sliding scale. Rental income is considered an exchange transaction as the Organizations must earn the revenue from the renter before it is recognized.

**Property, Equipment and Depreciation**

Property and equipment purchased by the Organizations are stated at cost. Depreciation on buildings is computed using the straight-line method over the estimated useful lives of twenty-seven and a half years. All acquisitions of property and equipment more than \$5,000 are capitalized.

**Advertising**

The Organizations expense advertising costs as incurred. There were no advertising expenses for the years 2021 and 2020.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities of the Organizations have been summarized on a functional basis in the consolidated statement of functional expenses. Salary and other personnel costs that are not directly coded to a programmatic activity are allocated based on time certifications and the best estimate of employees. Building maintenance, and depreciation expenses are allocated among the programs and supporting services benefited. Other operating costs are allocated using various allocation methodologies including allocations based on personnel, square footage, or revenue generated.

**Income Taxes**

Income taxes are not provided for in the consolidated financial statements since Ventana is exempt from the federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions and Valencia is considered a disregarded entity for tax filing purposes. Ventana is not classified as a private foundation. Ventana had no taxable unrelated business income for the

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years ended September 30, 2021 or 2020. Ventana files its Federal Form 990 tax returns in the U.S. federal jurisdiction and the online charitable registration in the Office of the Attorney General for the State of New Mexico.

As noted earlier, Valencia is considered a disregarded entity for tax filing purposes and its accounts will be included in Ventana's Federal Form 990. Valencia had no taxable unrelated business income for the years ended September 30, 2021 and 2020.

**Comparative Financial Statements**

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Ventana's consolidated financial statements for the year ended September 30, 2020, from which the summarized information was derived.

**Reclassifications**

Certain reclassifications may have been made to 2020 amounts to conform to 2021 presentation.

**Evaluation of Subsequent Events**

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued. The Organizations recognize in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organizations' consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position, but arose after the consolidated statement of financial position date and before the consolidated financial statements are available to be issued. The Organizations have evaluated subsequent events through February 10, 2022, which is the date the consolidated financial statements were available to be issued.

Subsequent to September 30, 2021, as a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the Organizations' funding sources and cash flows. Other financial impacts could occur though such potential impact is unknown at this time.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
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**NOTE C—CASH, RESTRICTED CASH AND CASH EQUIVALENTS**

Cash, restricted cash and cash equivalents consisted of the following at September 30:

Type of Account	2021	2020
<u>Unrestricted</u>		
GDR Property Solutions, LLC	\$ -	16,733
T & C Management	13,290	-
Washington Federal	776,272	155,603
Total unrestricted cash	<u>789,562</u>	<u>172,336</u>
<u>Restricted</u>		
Washington Federal	1,826,265	1,994,003
Security deposits	7,251	5,100
Total restricted	<u>1,833,516</u>	<u>1,999,103</u>
Total	<u>\$ 2,623,078</u>	<u>2,171,439</u>

**NOTE D—MORTGAGES RECEIVABLE**

Mortgages receivable for Ventana consisted of the following as of September 30:

	2021			2020		
	Principal due within one year	Principal due after one year	Total	Principal due within one year	Principal due after one year	Total
Mortgages receivable	\$ 1,018,914	11,267,242	12,286,156	153,905	8,018,455	8,172,360
Less allowance for loan losses	(7,551)	(331,660)	(339,211)	(758)	(315,175)	(315,933)
Mortgages receivable, net	<u>1,011,363</u>	<u>10,935,582</u>	<u>11,946,945</u>	<u>153,147</u>	<u>7,703,280</u>	<u>7,856,427</u>
Less inter-entity mortgages	(37,741)	(1,193,180)	(1,230,921)	(33,778)	(1,230,921)	(1,264,699)
Total mortgages due to Ventana from outside parties	<u>\$ 973,622</u>	<u>9,742,402</u>	<u>10,716,024</u>	<u>119,369</u>	<u>6,472,359</u>	<u>6,591,728</u>

See Note B for the methodology of loan loss estimate.

Valencia's mortgage payable to Ventana has been eliminated from mortgages receivable on the face of the financial statements.

**NOTE E—MORTGAGE SERVICER RECEIVABLES**

Ventana Fund works with outside mortgage servicers to track and maintain their loans receivable. From time to time, a loan will be repaid to a servicer, but the funds have not yet been received by Ventana Fund as of the end of the fiscal year. These funds in transit are treated as receivables on the consolidated statement of financial position.

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**NOTE F—PROPERTY, EQUIPMENT, AND DEPRECIATION**

Valencia property and equipment at September 30 include:

	<u>2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>2021</u>
Land	\$ 349,959	-	-	349,959
Buildings	959,740	-	-	959,740
Total	1,309,699	-	-	1,309,699
Less accumulated depreciation	(60,674)	(34,899)	-	(95,573)
Total property and equipment, net	<u>\$ 1,249,025</u>	<u>(34,899)</u>	<u>-</u>	<u>1,214,126</u>

Depreciation expense for the years ended September 30, 2021 and 2020 was \$34,899 and \$34,900, respectively.

**NOTE G—NET ASSETS WITH DONOR RESTRICTIONS – PERPETUAL IN NATURE**

Net assets with donor restrictions in perpetuity were made up of the following as of September 30:

<u>Revolving Loan Fund</u>	<u>2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>2021</u>
Mortgage receivables	\$ 1,605,997	1,994,003	-	3,600,000
Cash and cash equivalents	1,994,003	-	(1,994,003)	-
Less: Line of credit	-	-	-	-
Other items	-	-	-	-
Total	<u>\$ 3,600,000</u>	<u>1,994,003</u>	<u>(1,994,003)</u>	<u>3,600,000</u>

**NOTE H—NET ASSETS WITH DONOR RESTRICTIONS – TEMPORARY IN NATURE**

Net assets with donor restrictions for purpose were made up of the following as of September 30:

<u>Donor Restricted Funds (Temporary in Nature)</u>	<u>2020</u>	<u>Additions</u>	<u>Released</u>	<u>2021</u>
Mortgage receivables	\$ 764,757	243	-	765,000
Less: Allowance for loan losses	(30,751)	-	30,751	-
Cash and cash equivalents	-	1,826,265	-	1,826,265
Less: Advance on grants	-	(1,826,265)	-	(1,826,265)
Total	<u>\$ 734,006</u>	<u>243</u>	<u>30,751</u>	<u>765,000</u>

**NOTE I—JOINT COST ALLOCATIONS**

The Organizations did not participate in joint activities for the years ended September 30, 2021 or 2020.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
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**NOTE J—INTER-ENTITY TRANSACTIONS**

The following table details the intercompany transactions between Ventana and Valencia at September 30:

Type of Goods or Services	2021			2020		
	Ventana Fund	Valencia Park	Total	Ventana Fund	Valencia Park	Total
Loan receivable	\$ 1,230,921	(1,230,921)	-	1,264,699	(1,264,699)	-
Loan interest	28,632	(28,632)	-	57,248	(57,248)	-
Equity investment	(9,056)	9,056	-	6,998	(6,998)	-
Total intercompany transactions	\$ 1,250,497	(1,250,497)	-	1,328,945	(1,328,945)	-

**NOTE K—CAPITAL CONTRIBUTIONS**

Cash transfers that are permanent in nature from Ventana Fund to Valencia Park are treated as capital contributions.

**NOTE L—CONCENTRATIONS OF CREDIT, MARKET AND BUSINESS RISK**

**Credit and Market Risk Concentration**

Financial instruments that potentially expose Ventana to concentrations of credit and market risk consist primarily of cash and mortgages receivable for the years ended September 30, 2021 and 2020. As of September 30, 2021 and 2020, Ventana’s cash accounts were exposed to credit risk of \$2,363,548 and \$1,892,673, respectively.

**Revenue Concentration**

Ventana received its revenue and support from the following sources:

Concentration of Funding Sources	2021		2020	
	Amount	%	Amount	%
Mortgage interest	\$ 355,698	61.5%	140,960	12.1%
Rent income	132,980	23.0%	145,809	12.5%
Loan fees	76,624	13.2%	70,852	6.1%
Investment interest	3,970	0.7%	14,826	1.3%
Contributions	6,330	1.1%	-	0.0%
Other operating income	3,123	0.5%	521	0.0%
Grants	-	0.0%	794,606	68.1%
	\$ 578,725	100%	1,167,574	100%

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**Borrower Concentration**

Ventana has outstanding loan receivables due from the following borrowers:

Concentration of Borrowers	2021		2020	
	Amount	%	Amount	%
1200 Development	\$ 1,874,006	15.3%	1,773,080	21.7%
Edge Capital I, LLC	1,562,944	12.7%	763,200	9.3%
Valencia Park, LLC	1,230,921	10.0%	1,264,699	15.5%
Edge Capital IV, LLC	1,055,000	8.6%	-	0.0%
Maple Rainbow Prop	995,000	8.1%	-	0.0%
Lucasa Properties	995,000	8.1%	-	0.0%
Sheldon Family, LLC	860,843	7.0%	897,601	11.0%
VDN Apartments	750,000	6.1%	750,000	9.2%
Robertsons	544,812	4.4%	534,757	6.5%
Wells Park Development, LLC	416,098	3.4%	414,559	5.1%
7524 Development	398,081	3.2%	378,700	4.6%
Edge Capital III	372,000	3.0%	-	0.0%
Vedaa/Roy	335,247	2.7%	336,000	4.1%
Granite 300	286,003	2.3%	-	0.0%
Falcon Property Solution	250,735	2.0%	-	0.0%
Patrick & Adriana Torres	158,306	1.3%	-	0.0%
Collins Lake Autism Center	155,461	1.3%	110,000	1.3%
All Others	45,699	0.4%	-	0.0%
MMP LLC	-	0.0%	461,000	5.6%
Desert Sage Apartments	-	0.0%	399,240	4.9%
Tierra Del Sol	-	0.0%	51,636	0.6%
Heading Home	-	0.0%	37,888	0.5%
Total mortgages due to Ventana	<u>12,286,156</u>	<u>100%</u>	<u>8,172,360</u>	<u>100%</u>
Less inter-entity mortgages	<u>(1,230,921)</u>		<u>(1,264,699)</u>	
Total mortgages due to Ventana from outside parties	\$ <u>11,055,235</u>		<u>6,907,661</u>	

**Geographical Concentration**

The Organizations' operations are limited to New Mexico.

**NOTE M—RELATIONSHIP WITH INTERESTED DONOR**

**Loan Program Grant**

Ventana received a multi-year loan program grant from the New Mexico Mortgage Finance Authority (MFA) beginning in April 2014 for the purpose of providing direct lending to eligible recipients to support the development of affordable housing for low- and moderate-income persons. These grant

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funds are considered exchange transactions as Ventana must meet certain performance goals before the revenue is recognized.

The following are the amounts and types of grant funds received by Ventana:

		Mortgage Loans	
	Cash Grant	Transferred	Total
2021	\$ -	-	-
2020	-	-	-
2019	-	-	-
2018	500,000	-	500,000
2017	400,000	-	400,000
2016	500,000	91,711	591,711
2015	900,000	-	900,000
2014	1,400,000	227,532	1,627,532
	\$ 3,700,000	319,243	4,019,243

All but \$100,000 of the cash grant funds are used for Ventana’s perpetually restricted revolving loan.

**Professional Services Contract**

The Organizations contracted with MFA to provide professional services including loan origination, pre-approval, and closing services, as well as fiscal agent services including the maintaining of its books and records of account. Ventana Fund paid MFA \$2,000 per month. The contract expired December 31, 2019 and was extended to December 31, 2020. For this contract, MFA was paid \$5,346 and \$9,998 for the years ended September 30, 2021 and 2020, respectively, and are allocated between program and management and general expenses in the consolidated statement of functional expenses. In April 2019, the accounting services for the Organizations were taken over by an accounting firm. The Organizations entered into a contract through April 2020 with the accounting firm. The Organizations paid the accounting firm \$31,376 and \$31,302 for the years ending September 30, 2021 and 2020, respectively.

The Organizations continued to utilize MFA to service its mortgage receivables for a fee in the amount of 0.35% of the interest rate on each loan, until such loans are fully paid. The agreement may be terminated by either party, regardless of cause, upon thirty days’ written notice. Loan service fees paid to MFA are netted against interest income.

During fiscal year 2020, Ventana established an informal agreement for Sunwest Trust, Inc. to service their new mortgage receivables. During fiscal year 2021, Ventana transitioned from Sunwest Trust, Inc and executed an agreement with NM Escrow as their loan servicer. Loan servicing fees are paid by the borrowers.



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**NOTE N—SBIC REVOLVING LOAN AGREEMENT AND PROMISSORY NOTE**

In December 2019, a loan agreement was established between Ventana Fund and the New Mexico Small Business Investment Corporation (SBIC), a New Mexico nonprofit corporation. As part of the loan agreement, a promissory note was obtained by Ventana Fund for the purpose of issuing construction and rehabilitation loans to qualified housing developers. The promissory note acts as a revolving line of credit. In April 2020, the available line of credit increased from \$2 million to \$5.5 million and in October 2020, the available line of credit was increased to \$10.5 million. Quarterly interest payments are due, commencing April 15, 2020. The interest rate on the loan was originally 2%, but as of October 2020, the rate was reduced to 1% due to COVID-19. In April 2021, the interest rate increased to 2%. All unpaid principal and interest under this note shall be due and payable on December 2, 2029.

Collateral for the loan includes, but is not limited to: the assigning of all loans made by the Ventana Fund with funds obtained from this loan agreement as well as security interests, deeds of trust and other items described in Schedule A of the Loan Agreement.

Outstanding balances as of September 30 are as follows:

	<u>2021</u>	<u>2020</u>
Current portion of SBIC promissory note	\$ 1,005,463	146,894
Non-current portion of SBIC promissory note	<u>6,691,664</u>	<u>4,965,837</u>
Total SBIC promissory note	<u>\$ 7,697,127</u>	<u>5,112,731</u>

**NOTE O—RELATED PARTIES**

The Board Chair's company was the listing broker on the property for seventeen of the twenty-six outstanding mortgage receivables and received compensation for seventeen of those sales.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**As of September 30, 2021, With Comparative Totals For 2020**

	Notes	Ventana Fund	Valencia Park	Eliminations	2021	2020
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	C	\$ 773,095	16,467	-	789,562	172,336
Restricted cash and cash equivalents	C, G	1,826,265	7,251	-	1,833,516	1,999,103
Interest receivable		10,129	-	-	10,129	49,494
Mortgage servicer receivables	E	798,406	-	-	798,406	1,177,879
Due from Valencia Park		-	-	-	-	-
Rent receivable		-	2,571	-	2,571	963
Prepaid insurance and expenses		4,628	2,282	-	6,910	1,502
Mortgages receivable, net of allowance of \$7,551 and \$758, respectively	D	973,622	-	-	973,622	119,369
Mortgage receivable from Valencia Park-current portion		37,741	-	(37,741)	-	-
Total current assets		<u>4,423,886</u>	<u>28,571</u>	<u>(37,741)</u>	<u>4,414,716</u>	<u>3,520,646</u>
<b>Non-Current Assets</b>						
Security deposit		775	-	-	775	-
Equity investment in Valencia Park Apartments		(9,056)	-	9,056	-	-
Property and equipment, net of accum. deprec.	F	-	1,214,126	-	1,214,126	1,249,025
Mortgages receivable, net of allowance of \$331,660 and \$315,175, respectively	D	9,742,402	-	-	9,742,402	6,472,359
Mortgage receivable from Valencia Park-non-current portion		1,193,180	-	(1,193,180)	-	-
Total non-current assets		<u>10,927,301</u>	<u>1,214,126</u>	<u>(1,184,124)</u>	<u>10,957,303</u>	<u>7,721,384</u>
<b>TOTAL ASSETS</b>		<u>\$ 15,351,187</u>	<u>1,242,697</u>	<u>(1,221,865)</u>	<u>15,372,019</u>	<u>11,242,030</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current Liabilities</b>						
Prepaid rent		\$ -	6,893	-	6,893	-
Advances on grants		1,826,265	-	-	1,826,265	-
Accounts payable and accrued liabilities		15,610	6,688	-	22,298	398,451
Due to Ventana Fund		-	-	-	-	-
Accrued interest payable		37,685	-	-	37,685	13,572
Security deposits and last month's rent		-	7,251	-	7,251	5,100
Mortgages payable to Ventana Fund - current portion		-	37,741	(37,741)	-	-
Current portion of SBIC promissory note	N	1,005,463	-	-	1,005,463	146,894
Total current liabilities		<u>2,885,023</u>	<u>58,573</u>	<u>(37,741)</u>	<u>2,905,855</u>	<u>564,017</u>
<b>Long-Term Liabilities</b>						
Mortgages payable to Ventana Fund - non-current portion		-	1,193,180	(1,193,180)	-	-
Non-current portion of SBIC promissory note	N	6,691,664	-	-	6,691,664	4,965,837
Total long-term liabilities		<u>6,691,664</u>	<u>1,193,180</u>	<u>(1,193,180)</u>	<u>6,691,664</u>	<u>4,965,837</u>
<b>TOTAL LIABILITIES</b>		<u>9,576,687</u>	<u>1,251,753</u>	<u>(1,230,921)</u>	<u>9,597,519</u>	<u>5,529,854</u>
<b>Net Assets</b>						
<b>Without donor restrictions:</b>						
Undesignated		1,409,500	16,795	(1,230,921)	195,374	129,145
Property and equipment, net of related debt		-	(16,795)	1,230,921	1,214,126	1,249,025
Capital, Limited Partner, net		-	(9,056)	9,056	-	-
<b>With donor restrictions</b>						
Restricted for purpose and time	H	765,000	-	-	765,000	734,006
Restricted for perpetuity	G	3,600,000	-	-	3,600,000	3,600,000
Total net assets		<u>5,774,500</u>	<u>(9,056)</u>	<u>9,056</u>	<u>5,774,500</u>	<u>5,712,176</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>\$ 15,351,187</u>	<u>1,242,697</u>	<u>(1,221,865)</u>	<u>15,372,019</u>	<u>11,242,030</u>

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**For The Year Ended September 30, 2021, With Comparative Totals For 2020**

		2021								2020	
		Ventana Fund				Valencia Park					
		Without Donor Restrictions	With Donor Restrictions			Without Donor Restrictions					
Notes	Restrictions	Purpose/Time Restricted	Perpetually Restricted	Total	Total	Restrictions	Total	Eliminations	Total	Totals	
<b>Revenue</b>											
	\$	384,330	-	-	-	384,330	-	-	(28,632)	355,698	140,960
		-	-	-	-	-	132,980	132,980	-	132,980	145,809
		76,624	-	-	-	76,624	-	-	-	76,624	70,852
		3,970	-	-	-	3,970	-	-	-	3,970	14,826
		(16,054)	-	-	-	(16,054)	-	-	16,054	-	-
		6,330	-	-	-	6,330	-	-	-	6,330	-
		-	-	-	-	-	3,123	3,123	-	3,123	521
		<u>455,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>455,200</u>	<u>136,103</u>	<u>136,103</u>	<u>(12,578)</u>	<u>578,725</u>	<u>372,968</u>
<b>Public Support</b>											
		-	-	-	-	-	-	-	-	-	794,606
		(30,994)	30,994	-	30,994	-	-	-	-	-	-
		<u>424,206</u>	<u>30,994</u>	<u>-</u>	<u>30,994</u>	<u>455,200</u>	<u>136,103</u>	<u>136,103</u>	<u>(12,578)</u>	<u>578,725</u>	<u>1,167,574</u>
<b>Expenses</b>											
		122,926	-	-	-	122,926	137,854	137,854	(28,632)	232,148	351,323
		269,950	-	-	-	269,950	14,303	14,303	-	284,253	127,917
		-	-	-	-	-	-	-	-	-	-
		<u>392,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>392,876</u>	<u>152,157</u>	<u>152,157</u>	<u>(28,632)</u>	<u>516,401</u>	<u>479,240</u>
		31,330	30,994	-	30,994	62,324	(16,054)	(16,054)	16,054	62,324	688,334
		<u>1,378,170</u>	<u>734,006</u>	<u>3,600,000</u>	<u>4,334,006</u>	<u>5,712,176</u>	<u>6,998</u>	<u>6,998</u>	<u>(6,998)</u>	<u>5,712,176</u>	<u>5,023,842</u>
	K	-	-	-	-	-	-	-	-	-	-
	\$	<u>1,409,500</u>	<u>765,000</u>	<u>3,600,000</u>	<u>4,365,000</u>	<u>5,774,500</u>	<u>(9,056)</u>	<u>(9,056)</u>	<u>9,056</u>	<u>5,774,500</u>	<u>5,712,176</u>

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
**CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES**  
**For The Year Ended September 30, 2021, With Comparative Totals For 2020**

	2021								2020
	Program Services			Administrative and General		Total			
	Ventana Fund	Valencia Park	Total Program	Ventana Fund	Valencia Park	Administrative and General	Intercompany Eliminations	Total 2021	
Contract services and professional fees	80,398	24,935	105,333	134,720	-	134,720	-	240,053	149,798
Interest expense	-	28,632	28,632	111,184	-	111,184	(28,632)	111,184	25,037
Utilities	-	24,588	24,588	-	-	-	-	24,588	15,751
Provisions for loan losses	\$ 23,278	-	23,278	-	-	-	-	23,278	175,233
Professional services	17,034	-	17,034	-	-	-	-	17,034	23,732
Property taxes	-	14,626	14,626	-	-	-	-	14,626	13,884
Management fees	-	-	-	-	14,109	14,109	-	14,109	8,512
Insurance	-	5,822	5,822	4,625	-	4,625	-	10,447	7,880
Dues and subscriptions	-	-	-	7,626	-	7,626	-	7,626	750
Office expense	-	-	-	6,589	-	6,589	-	6,589	-
Rent	-	-	-	4,650	-	4,650	-	4,650	-
Appliances	-	3,388	3,388	-	-	-	-	3,388	1,454
Bank fees	1,781	-	1,781	-	194	194	-	1,975	1,454
Repairs and maintenance	-	845	845	-	-	-	-	845	162
Professional development	-	-	-	556	-	556	-	556	-
Miscellaneous expenses	435	119	554	-	-	-	-	554	8,193
Emergency expense funding	-	-	-	-	-	-	-	-	12,500
Total expenses before depreciation	122,926	102,955	225,881	269,950	14,303	284,253	(28,632)	481,502	444,340
Depreciation expense	-	34,899	34,899	-	-	-	-	34,899	34,900
Total expenses	\$ 122,926	137,854	260,780	269,950	14,303	284,253	(28,632)	516,401	479,240

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended September 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Direct</b>			
Department of the Treasury			
Community Development Financial Institutions Program			
Grant	21.020	n/a	\$ -
Loans	21.020	n/a	765,000
Total Department of the Treasury			765,000
 Total Expenditures of Federal Awards			\$ 765,000
 <b>Reconciliation to Financial Statements</b>			
Grant revenue per statement of activities			\$ -
Loan balance at beginning of year			1,215,160
Principal repayments received			(820,595)
New loans issued			370,435
Per SEFA			765,000
Difference			\$ -

Notes to the Schedule of Expenditures of Federal Awards

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Ventana Fund and is presented on the accrual basis of accounting. 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).

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, Ventana Fund provided no federal awards to any subrecipients.

**Note 3. Non-Cash Federal Assistance**

No non-cash federal assistance was received during the year ended September 30, 2021.

**Note 4. Cost Rate**

Ventana Fund did not use the 10% de minimis cost rate.

**Note 5. Federal Loan Program**

The federal loan programs listed below are administered directly by Ventana Fund and balances and transactions relating to these programs are included in Ventana Fund's consolidated financial statements. Loans made during the year and beginning of year loan balances which require continued compliance monitoring are included in the federal expenditures presented in the schedule of expenditures of federal awards. The federal expenditures and loan balances at September 30, 2021 consist of:

	Assistance Listing Number
	21.020
Loan balance, beginning of the year \$	1,215,160
Value of new loans issued	370,435
Principal repayments received	(820,595)
Total expenditures of federal awards presented for loan \$	765,000
Balance of loans at September 30, 2021 \$	765,000

SEE INDEPENDENT AUDITOR'S REPORT

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

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

The Board of Directors of  
Ventana Fund  
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 consolidated financial statements of Ventana Fund and Valencia Park, LLC (the Organizations) which comprise the consolidated statement of financial position as of September 30, 2021, and the related consolidated statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 10, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organizations' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies

**February 10, 2022**

in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organizations' consolidated 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 determination of consolidated financial statement amounts. 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.



Hinkle + Landers, PC  
Albuquerque, NM  
February 10, 2022

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**

The Board of Directors of  
Ventana Fund  
Albuquerque, New Mexico

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Ventana Fund’s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Ventana Fund’s major federal programs for the year ended September 30, 2021. Ventana Fund’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Ventana Fund complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

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

We are required to be independent of Ventana Fund 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 Ventana Fund’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 Ventana Fund's federal programs.

**Auditor's Responsibility**

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 Ventana Fund'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 generally accepted auditing standards, 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 Ventana Fund's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Ventana Fund'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 Ventana Fund'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 Ventana Fund'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

February 10, 2022

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

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 combination of deficiencies, in internal control over compliance, such that there is 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses 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.



Hinkle + Landers, PC  
Albuquerque, NM  
February 10, 2022

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2021**

**SECTION I—SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of Auditor’s report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficienc(ies) identified	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Noncompliance material to financial statements	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be  
Reported in accordance with section 200.516(a) of  
2 CFR part 200? Yes No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Funding Source
21.020	Community Development Financial Institutions Program	Department of the Treasury

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

Auditee qualified as low-risk auditee? Yes No

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2021**

**SECTION II and III—SUMMARY OF FINANCIAL AND FEDERAL FINDINGS**

Reference #	Description	Findings		
		Current or Prior Year Finding	Status of Findings	Type of Finding *
None	n/a	n/a	n/a	n/a

\* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Finding that Does Not Rise to the Level of a Significant Deficiency  
(Other Matters) Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance related to Federal Awards

**CURRENT YEAR FINDINGS**

**None**

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY  
IDENTIFICATION OF AUDIT PARTNER  
For the Year Ended September 30, 2021**

**Audit Firm:** Hinkle + Landers, PC

**Auditor's FEIN:** 85-0232815

**Office Address:** 2500 9th Street NW, Albuquerque, NM 87102

**Audit Partner:** Farley Vener

**Audit Partner's Telephone #** 505-883-8788

**Audit Period:** For the Year Ended September 30, 2021