



**VENTANA FUND AND
WHOLLY OWNED SUBSIDIARY**

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

**For The Year Ended September 30, 2023
With Comparative Totals for 2022**

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**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
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FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022
TABLE OF CONTENTS**

	Page
Official Roster	1
Independent Auditor's Report on the Audit of the Consolidated Financial Statements	2-5
Financial Statements:	
Consolidated Statement of Financial Position	6
Consolidated Statement of Activities	7
Consolidated Statement of Functional Expenses	8
Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements	10-27
Supplementary Information:	
Consolidating Schedule of Financial Position	28-29
Consolidating Schedule of Activities	30
Consolidating Schedule of Functional Expenses	31
Schedule of Expenditure of Federal Awards	32-33
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34-35
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	36-39
Schedule of Findings and Questioned Costs	40-41
Identification of Audit Partner	42

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
OFFICIAL ROSTER
AS OF SEPTEMBER 30, 2023**

Board of Directors

D. Todd Clarke	Board Chair
Paul Cassidy	Vice-Chair
Elizabeth Bernal	Secretary
Holly Barela	Treasurer
Steve Anaya	Member
Robbie Levey	Member
Peter Gineris	Member
George Maestas	Member
Jessica Kuhn	Member
Catherine Hummel	Member

Administration

Kendra Yevoli	Executive Director
Alexandrea Romero	Operations Manager

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE
CONSOLIDATED FINANCIAL STATEMENTS**

To the Board of Directors and Management 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, 2023, 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 present fairly, in all material respects, the financial position of the Organizations as of September 30, 2023, 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 for 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 Consolidated 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.

Emphasis of Matter**Adoption of New Accounting Principle**

As discussed in Note B, to the consolidated financial statements, Ventana Fund has adopted the new accounting guidance FASB ASC 842, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated 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 consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated 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 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 *Government Auditing Standards*, 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.

Report on Prior Year Summarized Comparative Information

We have previously audited the Organizations' September 30, 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, 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 consolidated 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 March 1, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' 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.

Albuquerque, NM

March 1, 2024

VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

	Notes	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	C	\$ 2,084,400	2,143,335
Restricted cash and cash equivalents	C	3,410,461	1,358,464
Interest receivable		6,230	8,299
Mortgage servicer receivables	E	1,207,060	1,285,789
Rent receivable		3,736	2,611
Escrow receivable	B	45,000	-
Prepaid insurance		13,122	6,898
Mortgages receivable, net of allowance of \$15,613 and \$0, respectively	D	<u>1,756,902</u>	<u>279,269</u>
Total current assets		8,526,911	5,084,665
Non-Current Assets			
Security deposit		775	775
Property and equipment, net of accum. deprec.	F	-	1,179,226
Mortgages receivable, net of allowance of \$621,287 and \$506,947, respectively	D	<u>18,602,570</u>	<u>13,448,279</u>
Total non-current assets		18,603,345	14,628,280
TOTAL ASSETS		\$ <u>27,130,256</u>	<u>19,712,945</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Prepaid rent		\$ -	8,008
Advances on grants		2,637,484	160,000
Accounts payable		690,474	64,153
Payroll liabilities		4,348	439
Accrued wages		6,442	-
Accrued leave		2,013	-
Accrued interest payable		79,780	64,442
Tenant security deposits and last month's rent		-	6,898
Current portion of long-term debt	O	<u>881,624</u>	<u>1,798,705</u>
Total current liabilities		4,302,165	2,102,645
Long-Term Liabilities			
Non-current portion of long-term debt	O	<u>14,875,143</u>	<u>10,352,371</u>
Total long-term liabilities		14,875,143	10,352,371
TOTAL LIABILITIES		19,177,308	12,455,016
Net Assets			
Without donor restrictions:			
Undesignated		1,838,060	7,557
Property and equipment, net of related debt		-	1,179,226
With donor restrictions			
Restricted for purpose and time	H	2,514,888	2,471,146
Restricted for perpetuity	G	<u>3,600,000</u>	<u>3,600,000</u>
Total net assets		7,952,948	7,257,929
TOTAL LIABILITIES AND NET ASSETS		\$ <u>27,130,256</u>	<u>19,712,945</u>

SEE INDEPENDENT AUDITOR'S REPORT

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

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022**

	Notes	2023					2022 Totals
		Without Donor Restrictions	With Donor Restrictions			Total	
			Purpose/Time Restricted	Perpetually Restricted	Total		
Revenue							
Mortgage interest		\$ 484,929	83,742	-	83,742	568,671	425,720
Rent income		173,453	-	-	-	173,453	151,261
Loan fees		130,518	-	-	-	130,518	98,168
Investment interest		39,813	-	-	-	39,813	11,609
Other operating income		7,813	-	-	-	7,813	8,946
Total Revenue		<u>836,526</u>	<u>83,742</u>	<u>-</u>	<u>83,742</u>	<u>920,268</u>	<u>695,704</u>
Public Support							
Grants		-	160,000	-	160,000	160,000	1,666,265
Satisfaction of program restrictions	H	200,000	(200,000)	-	(200,000)	-	-
Total Support, Revenue, & Reclassifications		<u>1,036,526</u>	<u>43,742</u>	<u>-</u>	<u>43,742</u>	<u>1,080,268</u>	<u>2,361,969</u>
Expenses							
Programs		749,726	-	-	-	749,726	670,041
Administrative and general		398,039	-	-	-	398,039	208,499
Total Expenses		<u>1,147,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,147,765</u>	<u>878,540</u>
Change in net assets before gain on sale		(111,239)	43,742	-	43,742	(67,497)	1,483,429
Gain on sale of land and building		762,516	-	-	-	762,516	-
Change in net assets		651,277	43,742	-	43,742	695,019	1,483,429
Net assets, beginning		<u>1,186,783</u>	<u>2,471,146</u>	<u>3,600,000</u>	<u>6,071,146</u>	<u>7,257,929</u>	<u>5,774,500</u>
Capital contribution	K	-	-	-	-	-	-
Net assets, ending		<u>\$ 1,838,060</u>	<u>2,514,888</u>	<u>3,600,000</u>	<u>6,114,888</u>	<u>7,952,948</u>	<u>7,257,929</u>

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

VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

	2023							2022
	Program Services			Administrative and General		Total		
	Ventana Fund	Valencia Park	Total Program	Ventana Fund	Valencia Park	Administrative and General	Total 2023	
Salaries	\$ 70,870	-	70,870	23,624	-	23,624	94,494	28,961
Benefits	-	-	-	8,804	-	8,804	8,804	244
Payroll taxes	5,823	-	5,823	1,941	-	1,941	7,764	2,509
Total personnel costs	<u>76,693</u>	<u>-</u>	<u>76,693</u>	<u>34,369</u>	<u>-</u>	<u>34,369</u>	<u>111,062</u>	<u>31,714</u>
Interest expense	294,080	-	294,080	-	-	-	294,080	193,606
Contract services and professional fees	95,964	-	95,964	189,484	-	189,484	285,448	293,011
Provisions for loan losses	129,952	-	129,952	-	-	-	129,952	167,737
Miscellaneous expenses	1,035	-	1,035	187	63,925	64,112	65,147	5,540
Repairs and maintenance	-	39,948	39,948	-	-	-	39,948	23,589
Utilities	-	29,711	29,711	-	-	-	29,711	24,682
Property taxes	-	23,409	23,409	-	-	-	23,409	13,206
Management fees	-	-	-	-	22,468	22,468	22,468	18,443
Advertising, marketing and public information	8,080	-	8,080	11,157	-	11,157	19,237	24,434
Rent	-	-	-	17,579	-	17,579	17,579	9,440
Insurance	-	8,930	8,930	5,782	-	5,782	14,712	12,134
Office expense	-	-	-	24,377	-	24,377	24,377	4,590
Computer equipment and software	-	-	-	11,200	-	11,200	11,200	2,061
Professional development	200	-	200	4,994	-	4,994	5,194	-
Travel	446	-	446	4,195	-	4,195	4,641	262
Appliances	-	4,379	4,379	-	-	-	4,379	75
Dues	399	-	399	3,452	-	3,452	3,851	1,757
Bank fees	-	-	-	1,154	2,242	3,396	3,396	3,968
Administrative and service fees	1,600	-	1,600	1,474	-	1,474	3,074	13,391
Total expenses before depreciation	<u>608,449</u>	<u>106,377</u>	<u>714,826</u>	<u>309,404</u>	<u>88,635</u>	<u>398,039</u>	<u>1,112,865</u>	<u>843,640</u>
Depreciation expense	-	34,900	34,900	-	-	-	34,900	34,900
Total expenses	<u>\$ 608,449</u>	<u>141,277</u>	<u>749,726</u>	<u>309,404</u>	<u>88,635</u>	<u>398,039</u>	<u>1,147,765</u>	<u>878,540</u>

SEE INDEPENDENT AUDITOR'S REPORT

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

VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Mortgage interest	\$ 570,740	427,550
Rent income	157,422	151,983
Loan fees	130,518	98,168
Investment interest	39,813	11,609
Grants	160,000	1,666,265
Contributions and other operating income	<u>7,813</u>	<u>8,946</u>
	1,066,306	2,364,521
Cash paid to suppliers and employees	(679,719)	(455,528)
Cash owed to suppliers and employees	638,685	42,294
Interest expense paid	<u>(294,080)</u>	<u>(193,606)</u>
Net cash provided (used) by operating activities	731,192	1,757,681
 CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received for sale of property and equipment, less related costs	458,449	-
Cash disbursements of loan principal	(8,544,253)	(6,459,336)
Cash receipts from loan principal repayments	<u>3,264,499</u>	<u>2,792,692</u>
Net cash provided (used) by investing activities	(4,821,305)	(3,666,644)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds/(use) of advances of grant restricted for loan purposes	2,477,484	(1,666,265)
Proceeds from line of credit	<u>3,605,691</u>	<u>4,453,949</u>
Net cash provided (used) by financing activities	<u>6,083,175</u>	<u>2,787,684</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,993,062	878,721
Cash, cash equivalents, and restricted cash, beginning of year	<u>3,501,799</u>	<u>2,623,078</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 5,494,861</u>	<u>3,501,799</u>
 Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Change in net assets	\$ (67,497)	1,483,429
Provisions for loan losses	129,952	167,737
Depreciation	34,900	34,900
Changes in assets and liabilities:		
Interest receivable	2,069	1,830
Rent receivable	(1,125)	(40)
Prepaid insurance	(6,224)	12
Prepaid rent	(8,008)	1,115
Accounts payable and accrued liabilities	638,685	42,294
Accrued interest payable	15,338	26,757
Security deposits and last month's rent	<u>(6,898)</u>	<u>(353)</u>
Net cash provided (used) by operating activities	<u>\$ 731,192</u>	<u>1,757,681</u>

SEE INDEPENDENT AUDITOR'S REPORT

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

VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

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. On September 29, 2023, the property known as Valencia Park, located at 924 Valencia Drive SE in Albuquerque, NM was sold to an outside party.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022**

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, 2023 and 2022 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.

VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

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.

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.

FASB ASC 842 — Leases

Ventana Fund has adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), a new accounting standard which requires a change in accounting principle related to recognition of lease liabilities and assets for non-cancellable agreements greater than one year in duration. Ventana Fund participates in a small number of lease agreements in their normal course of business operations and have assessed their lease agreements in force for the years ended September 30, 2023, and 2022. Management has concluded that the lease obligations and corresponding right-of-use assets it leases had no material impact on the financial statements

VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

due to the short-term nature of these agreements. Management will evaluate its lease agreements and will recognize lease liabilities and right-of-use assets in accordance with ASU 2016-02 as necessary on a year-to-year basis.

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.

Cash, 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, 2023, WITH COMPARATIVE TOTALS FOR 2022

Liquidity is as follows:

	2023	2022
Total cash	\$ 5,494,861	3,501,799
Interest receivable	6,230	8,299
Mortgage servicer receivables	1,207,060	1,285,789
Rent receivable	3,736	2,611
Mortgage receivables expected to be received within one year, net of allowance	1,756,902	279,269
Less those unavailable for general expenditures within one year, due to:		
Advances on grants (restricted for qualifying expenses)	(2,637,484)	(160,000)
Restricted by donor with purpose restrictions	(2,514,888)	(2,471,146)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,316,417	2,446,621
Undrawn line of credit	4,243,233	2,848,924

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:

<u>Original Maturity of Mortgages</u>	<u>Interest Rates on Mortgages</u>
5-10 Years	0% - 4.85%

VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

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 Loan Losses

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 on the performance and analysis of each note’s collection history.

Loan risk ratings on Ventana’s loans are as follows:

Rating	Category	2023	2022
		# of Loans	# of Loans
1	Excellent Repayment Probability	31	29
2	Good Repayment Probability	2	0
3	Impaired Payment Ability	0	0
4	Significantly Impaired Repayment Ability	0	0
		33	29

Use of Estimates in Preparing Consolidated Financial Statements

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022**

Estimates that are particularly susceptible to significant changes in the near term that could have a material effect on the financial statements include:

- Allocation of expenses by function to program and administration.
- Depreciation is based on estimated useful lives of property and equipment.
- Allowance for loan losses based on risk ratings, historical experience, and current performance of collections.

Accrued Leave

Ventana Fund has a Paid Time Off (PTO) plan that incorporates vacation, personal and sick leave into one program. The number of PTO hours awarded each pay period is based on the number of hours worked during the pay period. Exempt employees are presumed to work forty hours per workweek. PTO may be taken for any reason and is accrued based on the years of service according to the following schedule:

Years of Service	PTO Accrual
First and Second Year	0.07692 (20 days)
Third, Fourth, and Fifth Years	0.09615 (25 days)
Sixth Year and Beyond	0.11538 (30 days)

PTO will be paid at termination when an employee provides at least two weeks of notice prior to resignation. An employee will be paid out their accrued and unused PTO at the regular rate of pay up to a maximum of 40 hours and all other accrued and unused PTO will be forfeited without pay. If a separated employee is rehired within 12 months, any accrued and unused PTO that was not paid out to the employee at termination will be restored to the employee on the date of rehire. A liability is recorded for the actual accrued PTO up to 40 hours.

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

VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

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, 2023 or 2022.

Fair Value Measurements

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.

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 conditional contribution 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 \$996 per month based on a sliding scale. Rental income is considered an exchange transaction as Valencia must earn the revenue from the renter before it is recognized.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022**

Property, Equipment and Depreciation

Property and equipment are stated at cost or estimated fair value at date of donation, if applicable. Depreciation of property and equipment is provided over the estimated useful lives. Only Valencia Park has property, which consists of land and building. Depreciation on the building is based on the estimated useful life of twenty-seven and half years using the straight-line method. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized. The current policy is to capitalize acquisitions with a cost of \$5,000 or more with an estimated life of greater than one year.

Advertising, Marketing, and Public Information

The Organizations expense advertising, marketing, and public information costs as incurred. Advertising, marketing, and public information expense for the years ended September 30, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Advertising, marketing and public information \$	<u>19,237</u>	<u>24,434</u>

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more services provided by the Organizations. Expenses and support services that can be identified with a specific service are charged directly to a program according to the natural expenditure classification. Direct costs are recorded to the functional classification the expense relates to. All other expenses require allocation on a reasonable basis that is consistently applied.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022**

These expenses are allocated among the services on the following basis:

Type of Expense	Basis *
Employees and contract services	A
Space, occupancy, and insurance	B
Legal expense, advertising, marketing, outreach, building maintenance and depreciation	C
Provisions for loan losses and travel	D
Other	E

* Legend for Basis of Allocation of Expenses

- A. Time and effort
- B. Number of employees
- C. Ratio of program expenses
- D. Direct to program
- E. Appropriate allocation

The functional allocation ratios for the years ended September 30 are as follows:

Expense Allocation	Ventana Fund		Valencia Park	
	2023	2022	2023	2022
Program	66%	76%	61%	81%
Administrative and general	34%	24%	39%	19%
	100%	100%	100%	100%

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 years ended September 30, 2023 or 2022. 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, 2023 and 2022.

VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

Prior Year 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 the Organizations' consolidated financial statements for the year ended September 30, 2022, from which the summarized information was derived.

Reclassifications

Certain reclassifications may have been made to 2022 amounts to conform to 2023 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 March 1, 2024, which is the date the consolidated financial statements were available to be issued.

On September 29, 2023, the property known as Valencia Park, located at 924 Valencia Drive SE in Albuquerque, NM was sold to an outside party. As part of this agreement, Ventana Fund (the seller) provided that \$45,000 of the sale price would be held in escrow for 90 days after the closing date. The purpose of this escrow account was to allow the property management firm to resolve any issues related to resident activity including eviction proceedings, collection of delinquent rent, and restoring any soon to be vacant units into rent ready condition. Once the 90 days had passed, the escrow holder would refund money to the seller or buyer based on the agreement between the two parties.

VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

NOTE C—CASH, RESTRICTED CASH AND CASH EQUIVALENTS

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

Type of Account	2023	2022
<u>Unrestricted</u>		
T & C Management	\$ 16,208	19,730
Washington Federal	836,490	250,378
Washington Federal-Board designated	-	65,138
Enterprise Bank and Trust	981,718	1,808,089
Sunflower Bank	249,984	-
Total unrestricted cash	<u>2,084,400</u>	<u>2,143,335</u>
<u>Restricted</u>		
Washington Federal	-	-
Enterprise Bank and Trust	3,410,461	1,351,566
Security deposits	-	6,898
Total restricted	<u>3,410,461</u>	<u>1,358,464</u>
Total	<u>\$ 5,494,861</u>	<u>3,501,799</u>

NOTE D—MORTGAGES RECEIVABLE

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

	2023			2022		
	Principal due within one year	Principal due after one year	Total	Principal due within one year	Principal due after one year	Total
Mortgages receivable	\$ 1,772,515	19,223,857	20,996,372	317,965	15,110,564	15,428,529
Less allowance for loan losses	(15,613)	(621,287)	(636,900)	-	(506,947)	(506,947)
Mortgages receivable, net	1,756,902	18,602,570	20,359,472	317,965	14,603,617	14,921,582
Less inter-entity mortgages	-	-	-	(38,696)	(1,155,338)	(1,194,034)
Total mortgages due to Ventana from outside parties	<u>\$ 1,756,902</u>	<u>18,602,570</u>	<u>20,359,472</u>	<u>279,269</u>	<u>13,448,279</u>	<u>13,727,548</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 consolidated financial statements.

VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

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.

NOTE F—PROPERTY, EQUIPMENT, AND DEPRECIATION

Valencia property and equipment at September 30 include:

	<u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>2023</u>
Land	\$ 349,959	-	(349,959)	-
Buildings	959,740	-	(959,740)	-
Total	1,309,699	-	(1,309,699)	-
Less accumulated depreciation	(130,473)	(34,900)	165,373	-
Total property and equipment, net	<u>\$ 1,179,226</u>	<u>(34,900)</u>	<u>(1,144,326)</u>	<u>-</u>

Depreciation expense for the years ended September 30, 2023 and 2022 was \$34,900 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>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>2023</u>
Mortgage receivables	\$ 2,487,228	1,369,015	(505,597)	3,350,646
Cash and cash equivalents	1,112,772	505,597	(1,369,015)	249,354
Less: Line of credit	-	-	-	-
Other items	-	-	-	-
Total	<u>\$ 3,600,000</u>	<u>1,874,612</u>	<u>(1,874,612)</u>	<u>3,600,000</u>

VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

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:

(Temporary in Nature)	2022	Additions	Released	2023
Mortgage receivables	\$ 2,892,352	685,000	(661,087)	2,916,265
Cash and cash equivalents	198,913	3,551,697	(713,126)	3,037,484
Interest income from loan repayments (cash)	39,881	83,742	-	123,623
2021 Financial Assistance Loan	(500,000)	(25,000)	-	(525,000)
2022 Financial Assistance Loan	-	(400,000)	-	(400,000)
Less: Advance on grants	(160,000)	(2,637,484)	160,000	(2,637,484)
Total	<u>\$ 2,471,146</u>	<u>1,257,955</u>	<u>(1,214,213)</u>	<u>2,514,888</u>

Ventana Fund received notification in October 2022 that they had met, completed, and were in compliance with all requirements of the CDFI-FA 2018 Assistance Agreement. As a result, \$200,000 of donor restricted funds, including mortgage receivables and cash and cash equivalents, were released from restriction during the year ended September 30, 2023.

NOTE I—JOINT COST ALLOCATIONS

The Organizations did not participate in joint activities for the years ended September 30, 2023 or 2022.

NOTE J—INTER-ENTITY TRANSACTIONS

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

Type of Goods or Services	2023		
	Ventana Fund	Valencia Park	Total
Loan interest	\$ 31,736	(31,736)	-
Equity investment	676,323	(676,323)	-
Total intercompany transactions	<u>\$ 708,059</u>	<u>(708,059)</u>	<u>-</u>

Type of Goods or Services	2022		
	Ventana Fund	Valencia Park	Total
Loan receivable	\$ 1,194,034	(1,194,034)	-
Loan interest	30,346	(30,346)	-
Equity investment	(4,153)	4,153	-
Total intercompany transactions	<u>\$ 1,220,227</u>	<u>(1,220,227)</u>	<u>-</u>

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022**

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, 2023 and 2022. As of September 30, 2023 and 2022, Ventana’s cash accounts were exposed to credit risk of \$2,939,309 and \$3,008,013, respectively. In order to mitigate this risk, Ventana Fund has established a sweep account with Enterprise Bank for their primary operating account.

Concentration from Single Grantor

Ventana Fund received \$160,000 and \$1,666,265 in grant funds from the U.S. Department of Treasury for the years ended September 30, 2023 and 2022, respectively. The loss of this funding sources could have a significant impact on the organization.

Revenue Concentration

Ventana received its revenue and support from the following sources:

<u>Concentration of Funding Sources</u>	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Grants	\$ 160,000	14.8%	1,666,265	70.5%
Mortgage interest	568,671	52.6%	425,720	18.0%
Rent income	173,453	16.1%	151,261	6.4%
Loan fees	130,518	12.1%	98,168	4.2%
Investment interest	39,813	3.7%	11,609	0.5%
Other operating income	7,813	0.7%	8,946	0.4%
Contributions	-	0.0%	-	0.0%
	<u>\$ 1,080,268</u>	<u>100%</u>	<u>2,361,969</u>	<u>100%</u>

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022**

Borrower Concentration

Ventana has outstanding loan receivables due from the following borrowers:

Concentration of Borrowers	2023		2022	
	Amount	%	Amount	%
Edge Capital V, LLC	\$ 1,831,230	8.7%	-	0.0%
Edge Capital IV, LLC	1,811,444	8.6%	1,522,500	9.9%
1200 Development	1,768,541	8.4%	1,822,259	11.8%
HCP Aztec LLC	1,402,975	6.7%	-	0.0%
924 Valencia LLC	1,369,015	6.5%	-	0.0%
Sheldon Family, LLC	1,312,389	6.3%	835,220	5.4%
Lucasa Properties	1,255,876	6.0%	1,765,164	11.4%
Weston Real Estate LLC	1,222,300	5.8%	1,072,300	7.0%
Robertson	962,503	4.6%	1,172,088	7.6%
Casa Alvarado LLC	952,737	4.5%	-	0.0%
Maple Rainbow Prop	952,494	4.5%	978,196	6.3%
Valencia Park, LLC	767,169	3.7%	1,194,034	7.7%
Edge Capital I, LLC	230,111	1.1%	1,328,419	8.6%
Valencia Apartments LLC	-	0.0%	776,000	5.0%
All Others	5,157,588	24.6%	2,962,349	19.2%
Total mortgages due to Ventana	20,996,372	100%	15,428,529	100%
Less inter-entity mortgages	-		(1,194,034)	
Total mortgages due to Ventana from outside parties	\$ 20,996,372		14,234,495	

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.

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

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022**

NOTE N—PROFESSIONAL SERVICES CONTRACTS

Ventana utilizes New Mexico Mortgage Finance Authority (MFA) to service some of their 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 2021, Ventana executed an agreement with NM Escrow to serve as their loan servicer. Loan servicing fees are paid by the borrowers.

NOTE O—LONG-TERM OBLIGATIONS

Changes in long-term obligations during the year ended September 30, 2023 were as follows:

	Balance			Balance	Amounts
	2022	Additions	Retirements	2023	Due Within
					One Year
SBIC promissory note	\$ 10,651,076	4,793,601	(1,612,910)	13,831,767	881,624
Enterprise Bank Q2 Loan	1,000,000	-	-	1,000,000	-
2021 CDFI-FA Federal Loan	500,000	25,000	-	525,000	-
2022 CDFI-FA Federal Loan	-	400,000	-	400,000	-
Mortgage payable to Ventana Fund	1,194,034	-	(1,194,034)	-	-
Less inter-entity mortgage	(1,194,034)	-	1,194,034	-	-
Total	<u>\$ 12,151,076</u>	<u>5,218,601</u>	<u>(1,612,910)</u>	<u>15,756,767</u>	<u>881,624</u>

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. The promissory note was amended as of September 30, 2023, to increase the line of credit to \$20 million. All unpaid principal and interest under this note shall be due and payable on December 2, 2029. Interest payments are due quarterly and the interest rate on the loan is 2%.

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.

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022**

Enterprise Bank EQ2 Loan

Ventana entered into a program related investment agreement (loan) with Enterprise Bank & Trust Foundation (Enterprise) on October 25, 2021. Enterprise agreed to lend Ventana \$1 million. The terms of the agreement include interest rate of 3.0% per annum on the principal sum outstanding for the first 3 years following the date of disbursement. All payments shall be made by Ventana without notice, demand or offset and, when received, will be credited, first to accrued but unpaid interest, and then to the outstanding principal balance. The outstanding principal balance of the loan and accrued but unpaid interest shall all be due and payable 3 years after the disbursement. Ventana shall have 4 options to extend the maturity date for an additional period of 1 year each.

2021 CDFI-FA Federal Loan

On March 22, 2022, Ventana Fund entered into an agreement with Community Development Financial Institutions Fund (CDFI) to receive a loan up to \$525,000. The loan is to be repaid by March 22, 2035. Ventana promised to pay interest at 0.66% per annum with interest payments due the last day of June and December of each year until the maturity date. Principal payments are to be made on the last day of June and December of each year, beginning in year 11 of the agreement through the maturity date.

2022 CDFI-FA Federal Loan

On July 29, 2023, Ventana Fund entered into an agreement with Community Development Financial Institutions Fund (CDFI) to receive a loan up to \$560,000. The loan is to be repaid by July 31, 2036. Ventana promised to pay interest at 1.39% per annum with interest payments due the last day of June and December of each year until the maturity date. Principal payments are to be made on the last day of June and December of each year, beginning in year 11 of the agreement through the maturity date.

Mortgage Payable to Ventana Fund

On September 30, 2020, Valencia Park entered into a loan agreement with Ventana Fund to borrow \$1,264,699. The interest rate on this loan is 2.50% per annum. Valencia's mortgage payable to Ventana has been eliminated from long-term debt on the face of the financial statements.

NOTE P—RELATED PARTIES

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

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022**

	Notes	Ventana Fund	Valencia Park	Eliminations	2023	2022
ASSETS						
Current Assets						
Cash and cash equivalents	C	\$ 1,455,015	629,385	-	2,084,400	2,143,335
Restricted cash and cash equivalents	C	3,410,461	-	-	3,410,461	1,358,464
Interest receivable		6,230	-	-	6,230	8,299
Mortgage servicer receivables	E	1,207,060	-	-	1,207,060	1,285,789
Rent receivable		-	3,736	-	3,736	2,611
Escrow receivable		-	45,000	-	45,000	-
Prepaid insurance and expenses		13,122	-	-	13,122	6,898
Mortgages receivable, net of allowance of \$15,613 and \$0, respectively	D	1,756,902	-	-	1,756,902	279,269
Mortgage receivable from Valencia Park-current portion		-	-	-	-	-
Total current assets		<u>7,848,790</u>	<u>678,121</u>	<u>-</u>	<u>8,526,911</u>	<u>5,084,665</u>
Non-Current Assets						
Security deposit		775	-	-	775	775
Equity investment in Valencia Park Apartments		676,323	-	(676,323)	-	-
Property and equipment, net of accum. deprec.	F	-	-	-	-	1,179,226
Mortgages receivable, net of allowance of \$621,287 and \$506,947, respectively	D	18,602,570	-	-	18,602,570	13,448,279
Mortgage receivable from Valencia Park-non-current portion		-	-	-	-	-
Total non-current assets		<u>19,279,668</u>	<u>-</u>	<u>(676,323)</u>	<u>18,603,345</u>	<u>14,628,280</u>
TOTAL ASSETS		<u>\$ 27,128,458</u>	<u>678,121</u>	<u>(676,323)</u>	<u>27,130,256</u>	<u>19,712,945</u>

SEE INDEPENDENT AUDITOR'S REPORT

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022**

	Notes	Ventana Fund	Valencia Park	Eliminations	2023	2022
LIABILITIES AND NET ASSETS						
Current Liabilities						
Prepaid rent		\$ -	-	-	-	8,008
Advances on grants		2,637,484	-	-	2,637,484	160,000
Accounts payable		688,676	1,798	-	690,474	64,153
Payroll liabilities		4,348	-	-	4,348	439
Accrued wages		6,442	-	-	6,442	-
Accrued leave		2,013	-	-	2,013	-
Accrued interest payable		79,780	-	-	79,780	64,442
Tenant security deposits and last month's rent		-	-	-	-	6,898
Mortgages payable to Ventana Fund - current portion		-	-	-	-	-
Current portion of long-term debt	O	881,624	-	-	881,624	1,798,705
Total current liabilities		<u>4,300,367</u>	<u>1,798</u>	<u>-</u>	<u>4,302,165</u>	<u>2,102,645</u>
Long-Term Liabilities						
Mortgages payable to Ventana Fund - non-current portion		-	-	-	-	-
Non-current portion of long-term debt	O	14,875,143	-	-	14,875,143	10,352,371
Total long-term liabilities		<u>14,875,143</u>	<u>-</u>	<u>-</u>	<u>14,875,143</u>	<u>10,352,371</u>
TOTAL LIABILITIES		19,175,510	1,798	-	19,177,308	12,455,016
Net Assets						
Without donor restrictions:						
Undesignated		1,838,060	-	-	1,838,060	7,557
Property and equipment, net of related debt		-	-	-	-	1,179,226
Capital, Limited Partner, net		-	676,323	(676,323)	-	-
With donor restrictions						
Restricted for purpose and time	H	2,514,888	-	-	2,514,888	2,471,146
Restricted for perpetuity	G	3,600,000	-	-	3,600,000	3,600,000
Total net assets		<u>7,952,948</u>	<u>676,323</u>	<u>(676,323)</u>	<u>7,952,948</u>	<u>7,257,929</u>
TOTAL LIABILITIES AND NET ASSETS		\$ <u>27,128,458</u>	<u>678,121</u>	<u>(676,323)</u>	<u>27,130,256</u>	<u>19,712,945</u>

SEE INDEPENDENT AUDITOR'S REPORT

VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

		2023									
		Ventana Fund				Valencia Park					
		Without Donor	With Donor Restrictions				Without Donor				
Notes	Restrictions	Purpose/Time Restricted	Perpetually Restricted	Total	Total	Restrictions	Total	Eliminations	Total	2022 Totals	
Revenue											
	\$	516,665	83,742	-	83,742	600,407	-	-	(31,736)	568,671	425,720
		-	-	-	-	-	173,453	173,453	-	173,453	151,261
		130,518	-	-	-	130,518	-	-	-	130,518	98,168
		39,813	-	-	-	39,813	-	-	-	39,813	11,609
		680,476	-	-	-	680,476	-	-	(680,476)	-	-
		1,658	-	-	-	1,658	6,155	6,155	-	7,813	8,946
		<u>1,369,130</u>	<u>83,742</u>	<u>-</u>	<u>83,742</u>	<u>1,452,872</u>	<u>179,608</u>	<u>179,608</u>	<u>(712,212)</u>	<u>920,268</u>	<u>695,704</u>
Public Support											
		-	160,000	-	160,000	160,000	-	-	-	160,000	1,666,265
	H	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,569,130</u>	<u>43,742</u>	<u>-</u>	<u>43,742</u>	<u>1,612,872</u>	<u>179,608</u>	<u>179,608</u>	<u>(712,212)</u>	<u>1,080,268</u>	<u>2,361,969</u>
Expenses											
		608,449	-	-	-	608,449	141,277	141,277	-	749,726	670,041
		<u>309,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,404</u>	<u>120,371</u>	<u>120,371</u>	<u>(31,736)</u>	<u>398,039</u>	<u>208,499</u>
		<u>917,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>917,853</u>	<u>261,648</u>	<u>261,648</u>	<u>(31,736)</u>	<u>1,147,765</u>	<u>878,540</u>
		651,277	43,742	-	43,742	695,019	(82,040)	(82,040)	(680,476)	(67,497)	1,483,429
		-	-	-	-	-	762,516	762,516	-	762,516	-
		651,277	43,742	-	43,742	695,019	680,476	680,476	(680,476)	695,019	1,483,429
		1,186,783	2,471,146	3,600,000	6,071,146	7,257,929	(4,153)	(4,153)	4,153	7,257,929	5,774,500
	K	-	-	-	-	-	-	-	-	-	-
		<u>\$ 1,838,060</u>	<u>2,514,888</u>	<u>3,600,000</u>	<u>6,114,888</u>	<u>7,952,948</u>	<u>676,323</u>	<u>676,323</u>	<u>(676,323)</u>	<u>7,952,948</u>	<u>7,257,929</u>

SEE INDEPENDENT AUDITOR'S REPORT

VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

	2023								2022
	Program Services			Administrative and General		Total			
	Ventana Fund	Valencia Park	Total Program	Ventana Fund	Valencia Park	Administrative and General	Intercompany Eliminations	Total 2023	
Salaries	\$ 70,870	-	70,870	23,624	-	23,624	-	94,494	28,961
Benefits	-	-	-	8,804	-	8,804	-	8,804	244
Payroll taxes	5,823	-	5,823	1,941	-	1,941	-	7,764	2,509
Total personnel costs	76,693	-	76,693	34,369	-	34,369	-	111,062	31,714
Interest expense	294,080	-	294,080	-	31,736	31,736	(31,736)	294,080	193,606
Contract services and professional fees	95,964	-	95,964	189,484	-	189,484	-	285,448	293,011
Provisions for loan losses	129,952	-	129,952	-	-	-	-	129,952	167,737
Miscellaneous expenses	1,035	-	1,035	187	63,925	64,112	-	65,147	5,540
Repairs and maintenance	-	39,948	39,948	-	-	-	-	39,948	23,589
Utilities	-	29,711	29,711	-	-	-	-	29,711	24,682
Office expense	-	-	-	24,377	-	24,377	-	24,377	4,590
Property taxes	-	23,409	23,409	-	-	-	-	23,409	13,206
Management fees	-	-	-	-	22,468	22,468	-	22,468	18,443
Advertising, marketing and public information	8,080	-	8,080	11,157	-	11,157	-	19,237	24,434
Rent	-	-	-	17,579	-	17,579	-	17,579	9,440
Insurance	-	8,930	8,930	5,782	-	5,782	-	14,712	12,134
Computer equipment and software	-	-	-	11,200	-	11,200	-	11,200	2,061
Professional development	200	-	200	4,994	-	4,994	-	5,194	-
Travel	446	-	446	4,195	-	4,195	-	4,641	262
Appliances	-	4,379	4,379	-	-	-	-	4,379	75
Dues	399	-	399	3,452	-	3,452	-	3,851	1,757
Bank fees	-	-	-	1,154	2,242	3,396	-	3,396	3,968
Administrative and service fees	1,600	-	1,600	1,474	-	1,474	-	3,074	13,391
Total expenses before depreciation	608,449	106,377	714,826	309,404	120,371	429,775	(31,736)	1,112,865	843,640
Depreciation expense	-	34,900	34,900	-	-	-	-	34,900	34,900
Total expenses	\$ 608,449	141,277	749,726	309,404	120,371	429,775	(31,736)	1,147,765	878,540

SEE INDEPENDENT AUDITOR'S REPORT

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Direct			
Department of the Treasury			
Community Development Financial Institutions Program			
Grant	*	21.020	\$ -
Loans	*	21.020	1,490,000
Community Development Financial Institutions Rapid Response Program (CDFI RRP)			
Grant		21.024	-
Loans		21.024	1,826,265
Total Department of the Treasury			<u>3,316,265</u>
Total Expenditures of Federal Awards			<u>\$ 3,316,265</u>
Reconciliation to Financial Statements			
Grant revenue per statement of activities			\$ 160,000
Loan balance at beginning of year			2,892,352
Principal repayments received			(661,087)
New loans issued			525,000
CDFI promissory note funds not distributed as loans			400,000
Total federal grant revenue and federal loan fund activity			<u>3,316,265</u>
Federal expenditures per SEFA			<u>3,316,265</u>
Difference			<u>\$ -</u>

*denotes major federal program

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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, 2023.

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, 2023 consist of:

	Assistance Listing Number 21.020	Assistance Listing Number 21.024	Total
Loan balance, beginning of the year \$	1,226,087	1,666,265	2,892,352
Principal repayments received	(661,087)	-	(661,087)
Value of new loans issued	525,000	160,000	685,000
CDFI promissory note funds not distributed as loans	400,000	-	400,000
Total expenditures of federal awards presented for loan \$	1,490,000	1,826,265	3,316,265
Balance of loans at September 30, 2023 \$	1,490,000	1,826,265	3,316,265

**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 and Management 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, 2023, 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 March 1, 2024.

Report on 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) as a basis for designing 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.

MARCH 1, 2024

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*

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.

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 consolidated 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 organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organizations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hinkle + Landers, PC
Albuquerque, NM
March 1, 2024

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

The Board of Directors and Management of
Ventana Fund
Albuquerque, New Mexico

Opinion on Each Major Federal Program

We have audited Ventana Fund'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 Ventana Fund's major federal programs for the year ended September 30, 2023. 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, 2023.

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 regarding 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 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 Auditor's 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

MARCH 1, 2024

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

requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hinkle & Landers, P.C.

Hinkle + Landers, PC

Albuquerque, NM

March 1, 2024

**VENTANA FUND AND WHOLLY OWNED SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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 Yes No

Significant deficienc(ies) identified Yes No

Noncompliance material to financial statements Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified Yes No

Significant deficiency(ies) identified Yes No

Type of auditor’s report issued on compliance for major federal 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 federal 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, 2023**

SECTION II and III—SUMMARY OF FINANCIAL AND FEDERAL FINDINGS

Findings				
Reference #	Description	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, 2023**

Audit Firm

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, 2023