



NEW MEXICO
FINANCE AUTHORITY

2023 Annual Report



Advancing New Mexico by financing impactful, well-planned projects



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Governor Michelle Lujan Grisham and Members of the New Mexico Legislature:

The past year at NMFA has been a period of rapid growth, with the creation and implementation of new programs, welcoming of new staff members, and formalization of standard operating procedures and policies to create efficiencies and continuous integration to effectively manage this growth.

New programs included the Opportunity Enterprise Revolving Fund, which opened in June 2023. Created with an initial funding allocation of \$70 million to provide low-interest loans to businesses, the Opportunity Enterprise Revolving Fund is designed to increase the inventory of commercial facilities in New Mexico while creating economic development opportunities. Other new programs include the Venture Capital Program which was created to provide more flexible financing to start-up businesses in the state, and a partnership with the New Mexico Economic Development Department to administer their State Small Business Capital Initiative funds to help address the “missing middle” gap of businesses that need capital but fall outside the bounds of traditional lenders and CDFIs. Last, the Charter School Facilities Fund will provide capital to improve charter school facilities in the state, and a partnership with the Public Charter Schools of NM organization has allowed NMFA to identify needs and target schools effectively.

NMFA’s existing programs, including the flagship Public Project Revolving Fund, Colonias Infrastructure Fund, and Water Program Fund, continue to help New Mexico communities meet their infrastructure needs. To ensure New Mexico entities understand NMFA’s programs and how they can help, NMFA’s lending team conducted outreach throughout the state in FY 2023.

NMFA now has a portfolio of 19 public and private lending and grant programs, which enable us to serve a market that includes 33 counties, 106 municipalities, 23 tribes and pueblos, 89 school districts, and more than 1,500 water districts and associations.

We thank the NMFA Board and staff for their hard work, compassion, and dedication to service. We are also very grateful for your advocacy and partnership and look forward to working together in FY 2024 and beyond to create economic opportunity for all in New Mexico.

On behalf of the Board of Directors and staff, we are pleased to present the New Mexico Finance Authority FY 2023 Annual Report.

Kathy Keith

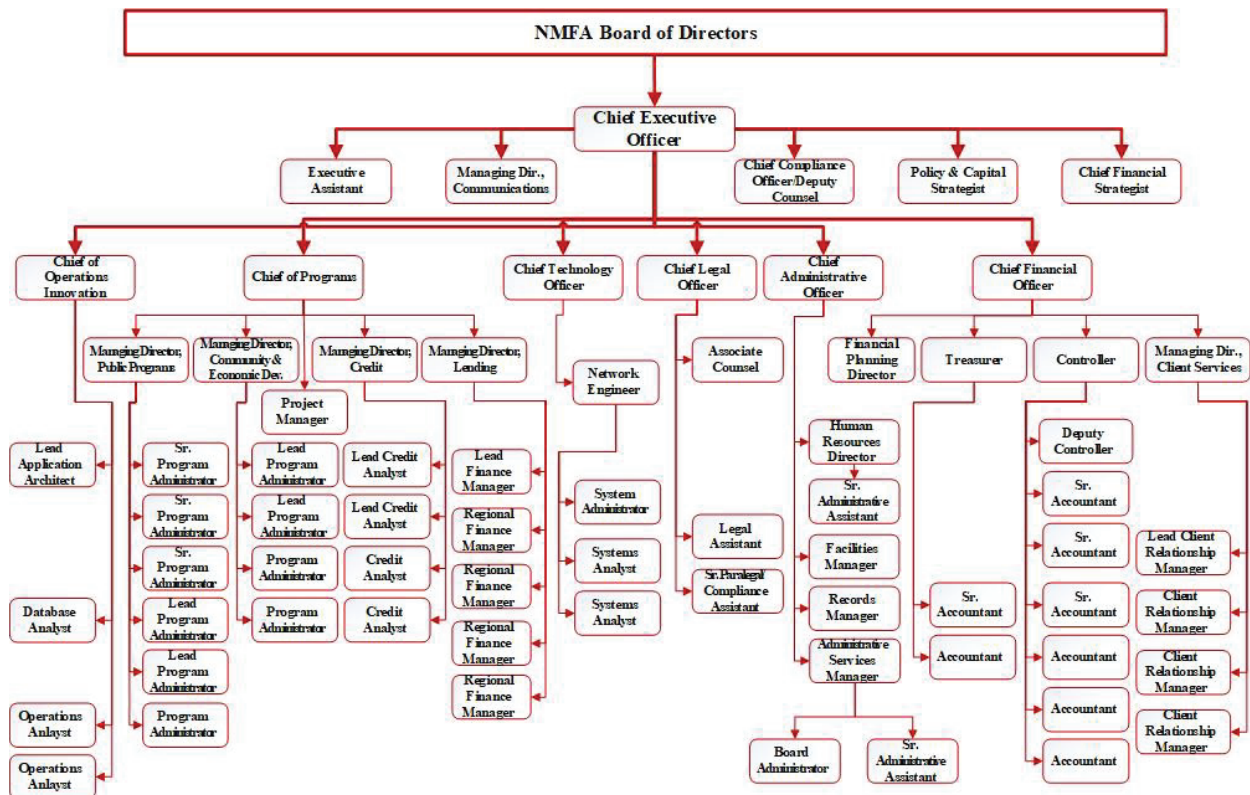
Chair

Marquita D. Russel

Chief Executive Officer



Organizational Chart



Board of Directors

Kathy Keith, *Chair*

Director of Community Partnerships
Los Alamos National Laboratory

Martin Abran Suazo, *Vice Chair*
Member

Jon Clark

Deputy Secretary

New Mexico Economic Development
Department

A. J. Forte, *Secretary*
Executive Director
New Mexico Municipal League

Andrew J. Burke
Member

Ronald J. Lovato
Member

Sarah Cottrell Propst
Cabinet Secretary

New Mexico Energy, Minerals &
Natural Resources Department

Joy Esparsen
Executive Director
New Mexico Counties

James Kenney
Cabinet Secretary
New Mexico Environment
Department

Wayne Propst
Cabinet Secretary
Department of Finance &
Administration

Management

Marquita D. Russel
Chief Executive Officer

Oscar S. Rodriguez
Chief Financial Officer

John Brooks
Chief of Programs

Dora Mae Cde Baca
Chief Administrative Officer

Adam Johnson
Chief of Operations Innovations

Daniel C. Opperman
Chief Legal Officer

Bryan Otero
Chief Compliance Officer/
Deputy Counsel

Paul Romero
Chief Technology Officer

Public Infrastructure and Capital Equipment Programs

Public Project Revolving Fund

Local Government Planning Fund

Colonias Infrastructure Project Fund

Drinking Water State Revolving Loan Fund

Water Project Fund



Public Project Revolving Fund

The Public Project Revolving Fund (PPRF) was created by the New Mexico Legislature in 1992 to assist a wide range of public entities throughout the state in accessing the capital markets at low or below-market interest rates. The PPRF is NMFA's largest program in terms of loans funded per year and loan receivables and accounted for most of NMFA's financial activity in FY 2023, including 82% of operating revenue and 84.6% of the total loan portfolio.

Since its inception 31 years ago, the PPRF has served a wide variety of borrowers and project types throughout New Mexico. The PPRF is used to finance and refinance public projects such as infrastructure improvements, road projects, water system upgrades, fire and law enforcement equipment, public buildings, hospitals and healthcare facilities, electric and broadband utilities, and quality of life projects, among others. This diversity of projects, coupled with the annual receipt of the Governmental Gross Receipts Tax, helps the PPRF attain the highest bond ratings, which allows NMFA to provide low costs of issuance for borrowers and subsidized interest rates on loans to disadvantaged entities. NMFA is able to pass along the low interest rates it receives to its borrowers, which is particularly important during this time of rising interest rates. With low interest rates and no additional fees, public entities realize significant savings over the life of the loan which allows them to maximize their limited public dollars to use on projects and services that are important to their communities.

In FY 2023, NMFA funded 62 PPRF projects totaling \$180.1 million. Since the inception of the PPRF through June 30, 2023, NMFA has made 2,160 loans totaling \$4.7 billion.

Public Project Revolving Fund (PPRF) Eligibility:

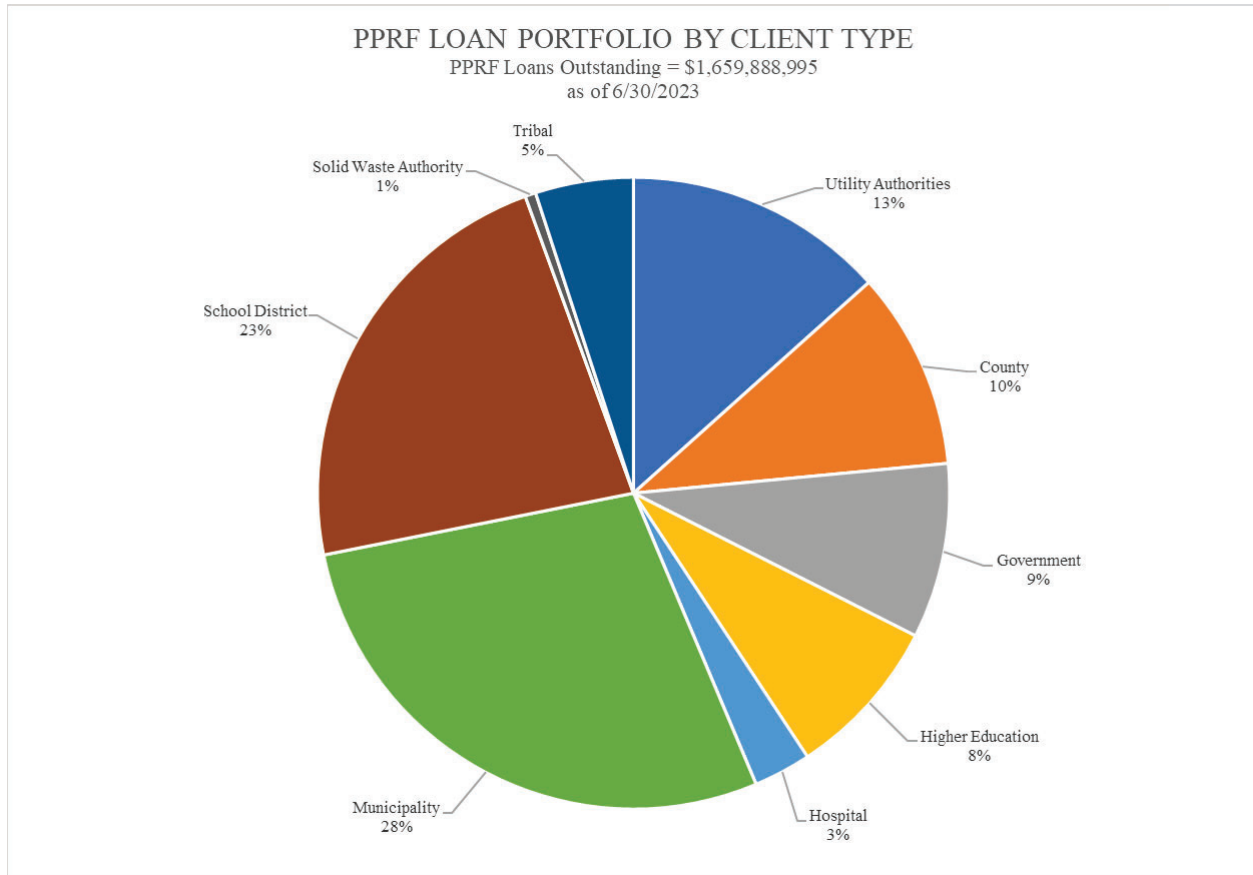
Applicants: Local governments, including tribal entities and charter schools

Projects: Infrastructure, building and capital equipment projects

Terms: Loans of up to 30 years, based upon the useful life of the project, offered at low, fixed interest rates

Other: Entities in communities with median household incomes less than the state's median household income are eligible to receive 0% or 2% interest rates for up to \$500,000 per entity per fiscal year, subject to availability of funds

PPRF Loan Portfolio



PPRF Share of NMFA (UPDATED)

	PPRF	Total NMFA	% PPRF
Total Assets	\$2.3 billion	\$3.0 billion	77.0%
Net Position	\$336.2 million	\$789.5 million	42.6%
Operating Revenue	\$53.6 million	\$65.3 million	82.0%
Total Revenue	\$89.2 million	\$313.6 million	28.5%

Local Government Planning Fund

The Local Government Planning Fund provides financing for critical planning documents for a variety of public infrastructure projects. Eligible plans include Preliminary Engineering Reports, Feasibility Studies, Environmental Information Documents, Comprehensive Plans, Asset Management Plans, Water Conservation Plans, Master Plans, Local Economic Development Act Plans and Metropolitan Redevelopment Act Plans. Applications are accepted monthly, and grants are made on a reimbursement basis. In FY 2023, NMFA closed 18 grant agreements totaling \$865,638.

Local Government Planning Fund Eligibility:

Applicants: Local governments, including tribal entities and mutual domestic water consumers associations

Projects: Preliminary engineering reports, environmental information documents, water conservation plans, long-term water plans, asset management plans, energy efficiency audits, and economic development plans

Terms: Grant eligibility is determined by project type and the applicant's ability to pay for all or a portion of the planning document

Other: Grants are made on a sliding scale



Colonias Infrastructure Project Fund

In 2010, the New Mexico Legislature adopted the Colonias Infrastructure Act (Act) to help certain communities in southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, roads, and housing. The purpose of the Act is to provide funding for infrastructure development to Colonia-recognized communities for projects that improve quality of life and encourage economic development. In FY 2023, NMFA closed 24 projects totaling \$19,468,211 in grants and loans. Since 2012, 142 designated Colonias have been approved for 329 awards totaling more than \$247.1 million.

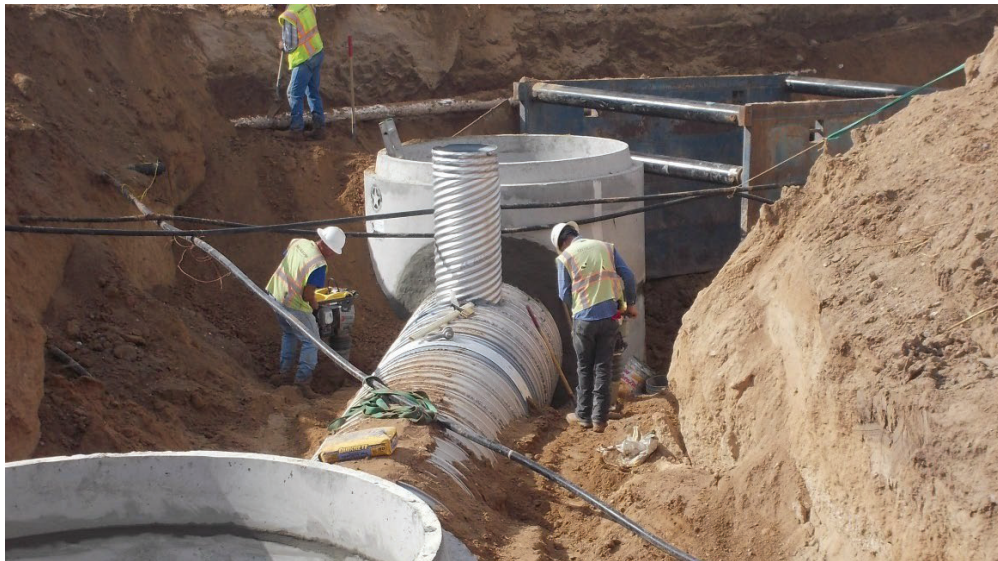
Colonias Infrastructure Project Fund Eligibility:

Applicants: Local governments, including counties, cities, and mutual domestic water consumers associations. Qualified entities must be able to demonstrate adequate capacity to construct and operate the project over the long-term

Projects: Planning, design, and construction

Terms: Funds are delivered as 90% grant, 10% loan, with provisions for loan waivers. The loans are structured with terms of up to 20 years at 0% interest.

Other: Projects are selected by the Colonias Infrastructure Board and recommended to NMFA for funding



Drinking Water State Revolving Loan Fund

The Drinking Water State Revolving Loan Fund (DWSRLF) is operated in partnership with the New Mexico Environment Department (NMED). The DWSRLF provides low-cost financing for the construction of and improvements to drinking water facilities throughout New Mexico to protect drinking water quality and the public health. In addition to the Base and Supplemental DWSRF programs, there are two new specialty programs: the Lead Remediation and the Emerging Contaminants programs. All programs can be accessed on NMED's website.

The DWSRLF is a federal program, managed by NMFA on behalf of the State of New Mexico. The program is funded through a federal capitalization grant that has historically averaged \$8 million annually. The State is required to match 20 percent of the federal grant. The primary use of the DWSRLF is to provide below-market-rate loans for vital water quality projects. As provided under the federal guidelines, NMED uses 27 percent of the capitalization grant to fund its duties under the federal Safe Drinking Water Act. Similarly, NMFA uses 4 percent of the capitalization grant to fund the management of the program. To date, NMFA's DWSRLF program has received \$227 million in federal Environmental Protection Agency capitalization grants, matched by NMFA with \$46 million in state match and \$84 million in interest and loan repayments.

Since 2011, the terms of the federal capitalization grants required that NMFA deliver a portion of the funds with an additional subsidy to the borrower. NMFA provides the additional subsidy through low-cost loans with principal forgiveness determined on a sliding scale. In FY 2023, NMFA closed 11 projects totaling \$8,086,377 in grants and loans.

Drinking Water State Revolving Loan Fund Eligibility:

Applicants: Municipal and community water systems

Projects: Water infrastructure and equipment, lead remediation and emerging contaminants

Terms: Loans of up to 30 years are offered at fixed, below-market interest rates

- Disadvantaged public entities: 0%
- Community water systems: 0.01%
- Non-profit water systems: 3%

Other: In addition to below-market interest rates, water systems operated by public entities may be eligible to receive additional subsidies such as principal forgiveness subject to funding availability.

Water Trust Board

Pursuant to the Water Project Finance Act in 2001, NMFA provides administrative support to the 16-member Water Trust Board and manages the Water Project Fund on its behalf.

Water Project Fund

NMFA makes loans and grants for projects recommended by the Water Trust Board and authorized by the Legislature. With a reliable revenue stream to fund applications annually and a transparent set of policies that guide applicants, the Water Trust Board has become an increasingly sought-after source of funding for a variety of water projects statewide.

The Water Project Fund annually receives 9% of senior Severance Tax Bond (STB) proceeds as well as a distribution from the Water Trust Fund. These monies are used to fund a variety of water projects recommended by the Water Trust Board and authorized by the Legislature. The Water Trust Board anticipates an increase in funding over the next few years, which will help finance more water projects in New Mexico. Recent changes to the Water Trust Board policies are designed to help more applicants qualify for funding.

In the 2023 cycle, the WTB awarded 52 projects totaling \$126,707,373. Water Trust Board awards are a combination of grants and loans, based upon the financial capacity of the applicants.

Water Project Fund Eligibility:

Applicants: State and local governments, including tribal entities and mutual domestic water consumers associations

Projects: Planning and construction of qualified projects recommended by the Water Trust Board and authorized by the Legislature. Qualified projects include:

- Water treatment, conservation, or reuse
- Flood prevention
- Endangered Species Act collaborative efforts
- Water storage, conveyance, and delivery infrastructure improvements
- Watershed restoration and management initiatives

Terms: Loan/Grant combinations with the loan component dependent on the repayment ability of the applicant; loans are offered at 0% interest for terms of up to 20 years

Other: Applicants are required to demonstrate at the time of award the ability to fully expend the funds within 12-18 months from award





Community Facilities and Economic Development Programs

NMFA has been active in the financing of private facilities since the Legislature established the Primary Care Capital Fund in 1994. With the creation of the Statewide Economic Development Finance Act in 2003, the Legislature made NMFA a key partner in economic development.

Primary Care Capital Fund

Behavioral Health Capital Fund

Smart Money Loan Participation Program

Cannabis Microbusiness Program

Essential Services Working Capital Program

New Markets Tax Credit Program

New Markets Tax Credit: Small Loan Pool Program

Opportunity Enterprise Revolving Fund

Venture Capital Program

Early Childhood Grants Partnership

Primary Care Capital Fund (PCCF)

The Primary Care Capital Fund was created in 1994 with an initial appropriation of \$5 million to be used as a revolving loan fund to provide loans to nonprofit primary care providers in rural and underserved communities. In FY 2019, the program was expanded to allow primary care clinics owned by counties and municipalities to apply for funds. The program was modified again in 2023 to expand the use of loan funds to include working capital and to realign the responsibilities of NMFA and the New Mexico Department of Health in the administration of the program. Through June 2023, the PCCF has funded 19 loans totaling approximately \$11.5 million. Four of these loans are still active for a total of \$721,579, and one new loan is pending for FY 2024 in the amount of \$890,000.

PCCF Eligibility:

Applicants: Primary care health clinics, either 501(c)(3) nonprofit organizations or clinics owned by counties or municipalities

Projects: Building and capital equipment acquisitions, working capital

Terms: Loans of up to 20 years are offered at a 3% interest rate, fixed

Other: Borrowers who provide care to indigent patients at free or reduced fees are eligible to receive up to 20% forgiveness through a contract-for-services negotiated with NMDOH.



Behavioral Health Capital Fund (BHCF)

The Behavioral Health Capital Fund was created in 2004 to provide low-cost capital to nonprofit behavioral health clinics in rural and underserved areas of the state. This program was capitalized by NMFA with \$2.5 million and initially provided below-market-rate loans to nonprofit behavioral healthcare providers only. In FY 2019, the program was expanded to allow health clinics owned by counties and municipalities to apply for the funds as well as nonprofit organizations. The program was modified again in 2023 to expand the use of loan funds to include working capital and to realign the responsibilities of NMFA and the New Mexico Human Services Department in the administration of the program. As of June 2023, NMFA has funded six loans totaling approximately \$3,795,000. Two of these loans are still active for \$635,620, and two loans are pending for FY 2024 for \$703,000.

BHCF Eligibility:

Applicants: Behavioral health providers, either 501(c)(3) nonprofit organizations or clinics owned by counties or municipalities

Projects: Building and capital equipment acquisitions

Terms: Loans of up to 20 years are offered at a fixed interest rate of 3%

Other: Borrowers who provide care to indigent patients at free or reduced fees are eligible to receive up to 20% forgiveness through a contract-for-services negotiated with NMHSD.



Statewide Economic Development Finance Act

The Statewide Economic Development Finance Act (SWEDFA) was enacted into law in 2003 and authorizes NMFA to issue bonds, make loans and provide loan and bond guarantees on behalf of private entities, including businesses and nonprofit corporations, from the Economic Development Revolving Fund. SWEDFA partners NMFA with the New Mexico Economic Development Department (NMEDD) in creating and operating financing programs that help stimulate the economy through job creation and business growth, particularly in rural and underserved areas of New Mexico. To date, NMFA has implemented several programs under SWEDFA, including the Collateral Support Program, Smart Money Program, and New Markets Tax Credit Program. Coming in 2024 will be a new program, the New Mexico Growth Funds, that will include a capital access program, a new loan participation program, and more funds for venture capital to support New Mexico's small businesses.

The first program implemented under SWEDFA was a loan participation program funded by a net appropriation of \$5.1 million in State funds. This program remains active, and funds are available for new investments.

From FY 2012 through FY 2017, under a Memorandum of Understanding with NMEDD, NMFA administered the Collateral Support Participation program with approximately \$8 million in federal State Small Business Credit Initiative (SSBCI) funds made available through the federal Small Business Jobs Act. Through this program, NMFA partnered with banks to support small business lending that helped entrepreneurs start or expand their businesses, thereby creating and retaining jobs for New Mexicans. Under the Collateral Support Participation program, NMFA invested approximately \$8.3 million through 16 loan participations.



Smart Money Loan Participation Program

The Smart Money Loan Participation Program creates greater access to capital throughout rural and underserved areas of New Mexico by allowing NMFA to purchase up to 49% of loans originated, underwritten, and serviced by local banks at low, fixed interest rates. To date, NMFA has purchased participations totaling \$6,420,705 in six loans across the State, with its latest participation made in September 2019. No Smart Money loans were made in FY 2023.

Cannabis Microbusiness Program

The Cannabis Microbusiness Program was created as a pilot program in FY 2022 to provide access to affordable capital for buildings, equipment, and working capital to help some of New Mexico's licensed cannabis businesses get a start in the state's new recreational cannabis industry. A total of \$5 million in funding was available, and the maximum loan size was \$250,000. In FY 2023, NMFA closed eight CMP loans a total of \$1,685,000. All loans were collateralized and/or guaranteed by the borrower. Because of a lack of demand among qualified borrowers, NMFA stopped accepting new applications in May 2023 and effectively closed the program to new applicants. Existing borrowers will continue to make payments on their loans, as outlined in their loan agreements.

Essential Services Working Capital Program

The Essential Services Working Capital Program (ESWCP) was an emergency loan program created in 2020 that provided short-term working capital loans to healthcare entities and other critical service providers whose operating funds were insufficient to meet the demand resulting from the COVID-19 pandemic and related Public Health Emergency Orders. In FY 2022, one ESWCP loan was closed for a total dollar amount of \$150,000. This was the last loan of the ESWCP program.

New Markets Tax Credit Program and NMTC Small Loan Pool Program

In 2007, with the explicit authorization of the Legislature, NMFA formed a for-profit subsidiary called Finance New Mexico, LLC to pursue an allocation of federal tax credits available under the New Markets Tax Credit (NMTC) program. Since 2007, the U.S. Department of Treasury has awarded Finance New Mexico seven NMTC allocation awards totaling \$346 million, \$25 million of which was awarded in 2023 from the 2022 funding cycle. Under the NMTC program, subsidiaries of Finance New Mexico lend to private for-profit and nonprofit organizations to spur job creation and development activities in low-income areas of New Mexico.

The purpose of the NMTC Program aligns with the goals of SWEDFA, which is to provide private businesses in rural or low-income communities across the state with greater access to capital. Under this program, Finance New Mexico leverages private capital with funds derived from the sale of tax credits to investors. The incentive to investors is a 39 percent federal income tax credit earned over seven years for every dollar invested in a qualified low-income community enterprise. The benefit to businesses is access to low-cost capital, with flexible lending criteria and the potential to convert portions of NMTC loans to equity. No NMTC loans were made in FY 2023.

Created in FY 2020, the Small Loan Pool program was designed to meet the needs of smaller businesses. The initial New Markets Tax Credit program provides loans above \$4 million but does not include smaller projects that need loans under \$4 million. The Small Loan Pool was created in response to these needs. The goal of the NMTC Small Loan Pool program is to provide flexible financing at advantageous terms for eligible projects between \$500,000 and \$4 million to qualified businesses located in low-income communities that have historically lacked access to credit.

New Markets Tax Credit and NMTC Small Loan Pool Eligibility:

Applicants: For-profit and nonprofit entities in federally designated low-income census tracts

Projects: Building, equipment and working capital

Terms for NMTC: Terms of up to 40 years are offered at below-market rates, with interest-only payments due for the first seven years.

Terms for NMTC Small Loan Pool: Seven-year interest-only payments with a balloon payment at maturity. The interest rate is approximately 3.75%

Other: Successful applicants must secure a primary lender that is willing to leverage its loans through the NMTC program. Funding is offered through quarterly competitive application cycles and is subject to available funding.

Opportunity Enterprise Revolving Fund

The Opportunity Enterprise Revolving Fund was created with an allocation of \$70 million in 2022 to provide low-interest loans to businesses to increase the inventory of commercial facilities in New Mexico. The first application round opened in June 2023 with \$17.5 million available. 33 applications were received; those that scored high enough were invited to complete a loan application, in order of priority. Loan applications are underwritten by NMFA. Another application round will open in 2024 for the remaining funds of approximately \$53 million.

Opportunity Enterprise Revolving Fund Eligibility:

Applicants: For-profit and not-for-profit businesses

Projects: Creation or renovation of commercial facilities in New Mexico

Terms: Maximum \$17.5 million; interest rate is fixed at 60% of WSJ prime rate; term of 15-30 years; Collateral, owner's equity, and guarantees are required

Venture Capital Program

The Venture Capital Program was created in 2022 to attract and retain early-stage businesses while meeting job creation and other economic development goals for the state. The program was capitalized with an initial \$35 million appropriation in 2022 and an additional \$15 million appropriation in 2023. In FY 2023, NMFA commissioned a study to determine where the capital gaps exist for New Mexico businesses to help guide its strategy for the program. NMFA also retained an investment consultant to support NMFA's efforts. NMFA is actively evaluating potential investments in private equity funds. These funds will provide the direct investments in New Mexico businesses, which is expected to begin in 2024.

Early Childhood Grants Partnership with NMECED

In FY 2023, NMFA entered into a partnership with the NM Early Childhood Education and Care Department (ECECD) to administer two of their grant programs for childcare providers. NMFA's experience administering grants and loans during the pandemic meant the organization had the necessary technology and expertise to implement these grant programs quickly and effectively, helping to get the funds to the small childcare businesses that could benefit from them. The funds for these programs came from the American Rescue Plan Act. NMFA disbursed 49 grants total \$12,641,961 from the Child Care Supply Building Grant Program and 95 grants totaling \$3,279,912 from the Child Care Stabilization Grant.

Recovery Programs

Small Business Recovery Loan Fund

LEDA Business Recovery Grant Program

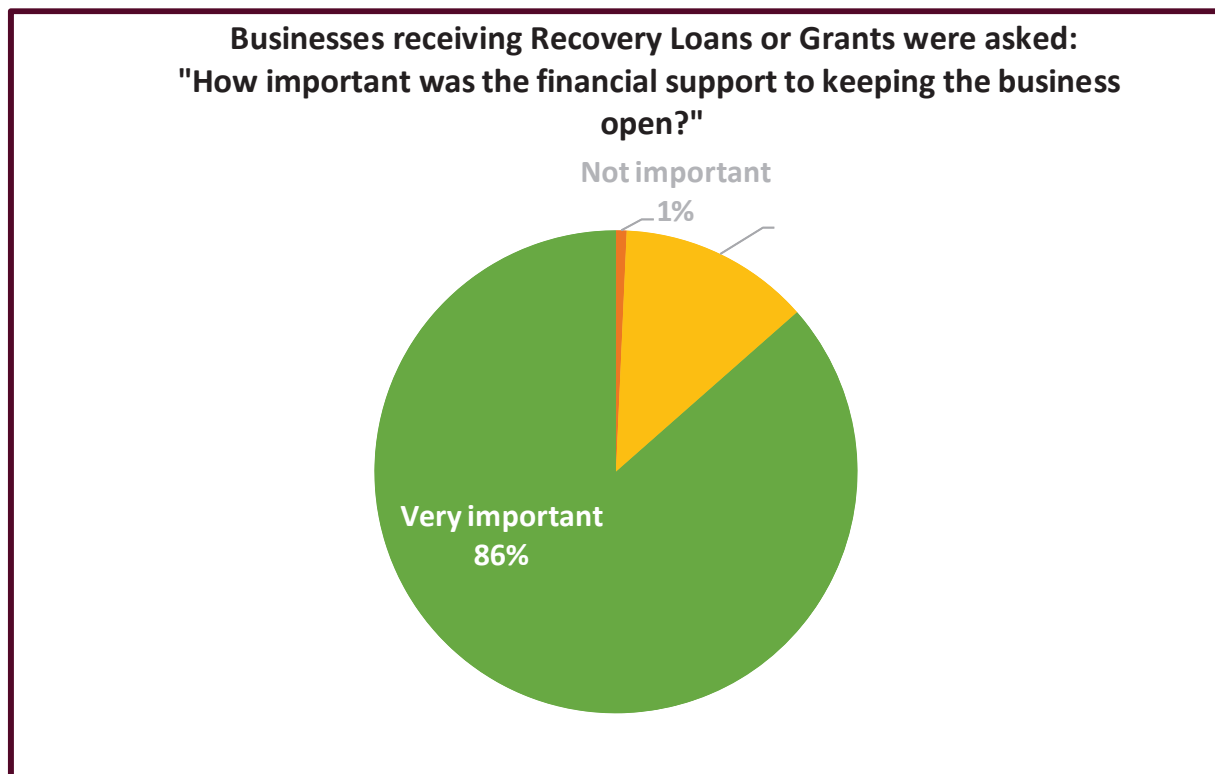
CARES Relief Grant Program



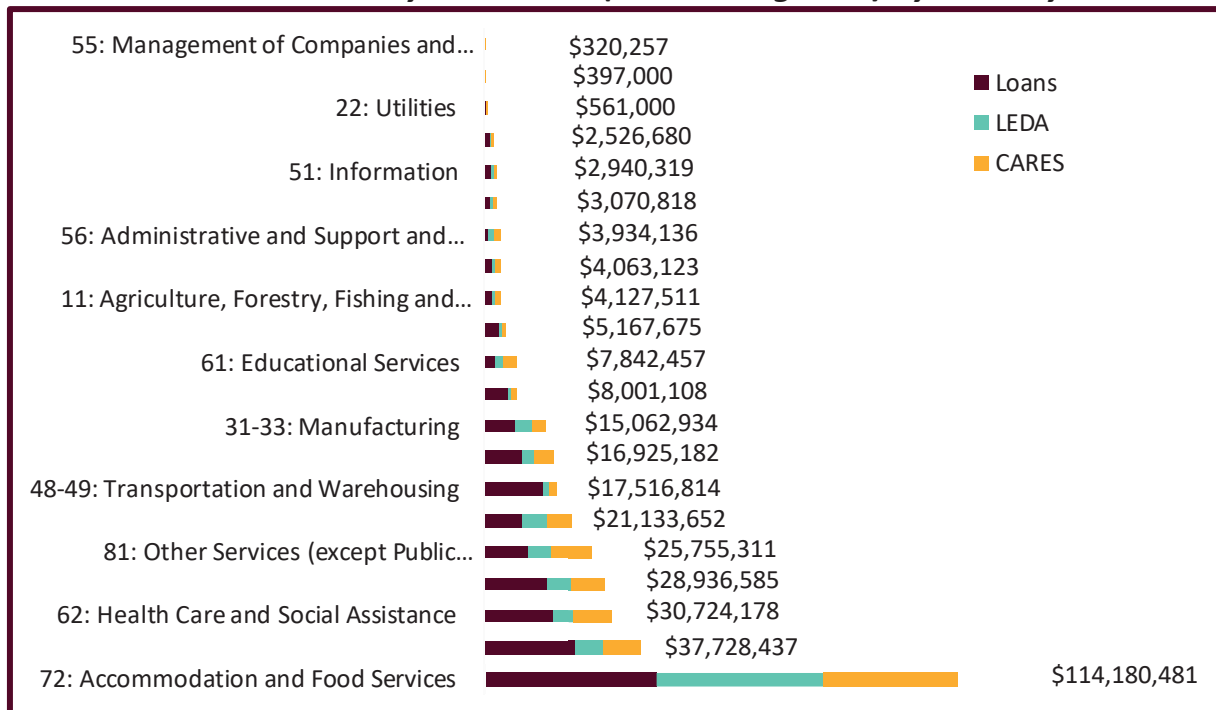
Recovery Programs

NMFA administered several business recovery programs created to help New Mexico businesses recover from the effects of the COVID-19 pandemic. In response to the COVID-19 health emergency, the State of New Mexico set aside \$800 million for economic recovery loan and grant programs. NMFA implemented the new programs, conducted awareness campaigns to ensure businesses across New Mexico knew about the programs and had access to them, and deployed much-needed funds to small businesses throughout the state.

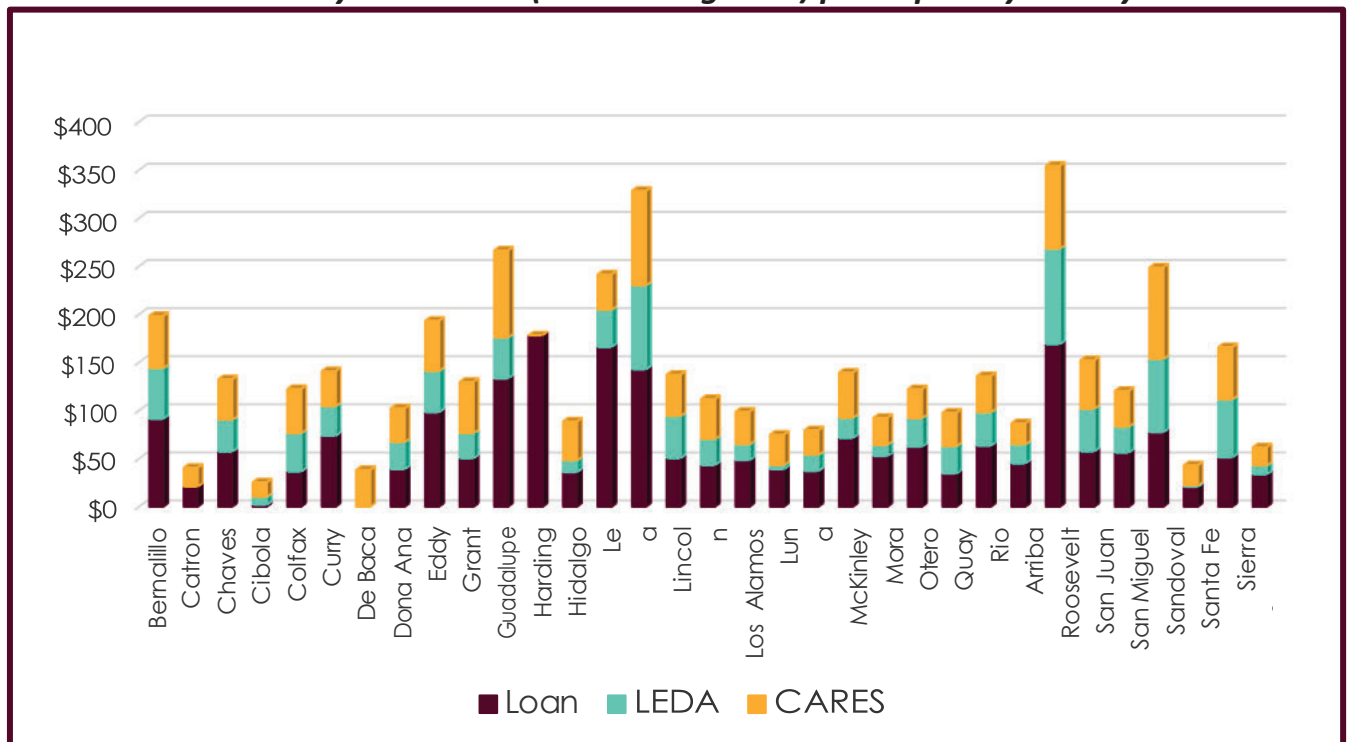
- **2,552 businesses received Small Business Recovery Loans for \$178 million**
- **1,871 businesses received a LEDA Business Recovery Grant Award for \$86.9 million**
- **6,733 businesses received a Small Business CARES Relief Grant for \$96.9 million**



Total Recovery Assistance (loans and grants) by Industry



Total Recovery Assistance (loans and grants) per capita by County



Small Business Recovery Loan Fund

Originally enacted during the 2020 first Special Session, and expanded in the 2021 Regular Session, the Small Business Recovery Loan Fund made available \$500 million to provide loans to businesses that experienced financial hardship due to the COVID-19 pandemic. Loan amounts were up to \$150,000 with flexible terms, providing businesses with extra assistance while they recovered from the pandemic.

As of December 31, 2022, 2,552 small businesses in New Mexico received financial assistance from the Small Business Recovery Loan Fund for a total of \$178 million in loan funds.

LEDA Business Recovery Grant Program

Enacted by the New Mexico Legislature during the 2021 Regular Session and signed into law by Governor Michelle Lujan Grisham, the LEDA Recovery Grants Legislation allocated \$200 million in funds to provide grants for reimbursement of rent, lease, or mortgage payments to New Mexico small businesses that experienced financial hardship due to the COVID-19 pandemic. Applicants needed to meet specific job creation requirements to qualify for reimbursements. NMFA administered the LEDA Business Recovery Grant Program, which opened in May 2021 and closed in December 2021 for most applicants, with a small set-aside round that closed June 30, 2022, for businesses that were not allowed to operate at the time the law was signed.

1,871 New Mexico businesses received a LEDA Business Recovery Grant for a total of \$86.9 million.

CARES Relief Grant Program

The Small Business CARES Relief Grants were authorized by the State of New Mexico in the November 2020 Special Session and were funded by \$100 million in Federal CARES stimulus funds. Because the funds needed to be allocated before the end of 2020, the application period was open December 7, 2020 – December 18, 2020. NMFA received 14,136 grant applications from New Mexico businesses totaling \$156 million in funding requests. Grants were awarded to 6,733 businesses throughout New Mexico, with 60% of the funds provided to businesses in urban areas and 40% of the funds to businesses in rural areas of the state. The businesses receiving grants include restaurants, hotels, retail stores, nonprofit organizations, manufacturing companies, accountants, and many more in communities large and small throughout New Mexico. The smallest grant was \$2,000 and the largest grant was \$50,000. The average grant size was \$14,388.





On the Horizon

Charter School Facility Revolving Fund

The Charter School Facility Revolving Fund was created in 2022 for the purpose of providing loans for construction, expansion, renovation or to pay off lease-purchase agreements. This program was capitalized with \$10 million. NMFA has been collaborating with the Public Charter Schools of New Mexico organization to understand the needs of charter schools in the state and determine how this fund could best help. NMFA anticipates opening applications for the fund in 2024.

State Small Business Credit Initiative 2.0

In partnership with the New Mexico Economic Development Department, NMFA will administer a pool of funds received by NMEDD from the State Small Business Credit Initiative (SSBCI), a federal program. The SSBCI funds are confirmed to be used for venture capital, and NMFA will request that some of the funds be used for a capital access program and a loan participation program. Both of these programs are intended to help more small businesses in the state obtain capital by partnering with New Mexico lenders, including banks, credit unions, and CDFIs, to reduce the risk for lenders of borrowers that might not otherwise qualify for a loan. The program is intended to be targeted at socially and economically disadvantaged businesses and businesses who fall into the “missing middle” gap of being too large for traditional microlenders and too small for a large lender to take on the risk. NMFA anticipates applying to the U.S. Treasury Department to reallocate some of the funds given to NMEDD to create the New Mexico Growth Fund in 2024. The program will be implemented after this approval is granted.

Condensed Statements of Net Position – NMFA Combined

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Assets				
Cash and cash equivalents				
Unrestricted cash - unassigned	\$ 9,702,573	\$ 2,204,745	\$ 7,497,828	340.1%
Unrestricted cash - assigned	-	5,882,939	(5,882,939)	-100.0%
Restricted Cash	443,017,120	409,083,722	33,933,398	8.3%
Loans receivable, net of allowance	1,959,968,481	1,914,748,494	45,219,987	2.4%
Investments - restricted and unrestricted	575,245,571	526,516,294	48,729,277	9.3%
Other Receivables	12,198,095	9,654,780	2,543,315	26.3%
Capital Assets, net of accumulated depreciation and amortiza	6,158,593	2,881,807	3,276,786	113.7%
Other Assets	-	129,929	(129,929)	-100.0%
Total Assets	3,006,290,433	2,871,102,710	135,187,723	4.7%
Deferred Outflows of Resources				
Deferred loss on refunding, non-capital assets	543,598	593,621	(50,023)	-8.4%
Total Deferred Outflows of Resources	543,598	593,621	(50,023)	-8.4%
Liabilities				
Bonds payable	1,486,867,803	1,485,712,432	1,155,371	0.1%
Undisbursed loan proceeds	392,847,578	347,723,364	45,124,214	13.0%
Advanced loan payments	93,771,569	91,620,716	2,150,853	2.3%
Accounts payable, accrued payroll and compensated absences	1,564,605	1,115,628	448,977	40.2%
Other liabilities	240,316,220	324,089,244	(83,773,024)	-25.8%
Total Liabilities	2,215,367,775	2,250,261,384	(34,893,609)	-1.6%
Deferred Inflows of Resources				
Deferred gain on refunding, non-capital assets	1,978,762	2,554,035	(575,273)	-22.5%
Deferred Inflows of Resources	1,978,762	2,554,035	(575,273)	-22.5%
Net Position				
Net investment in capital assets	5,142,965	2,881,807	2,261,158	78.5%
Restricted for program commitments	768,225,537	598,476,868	169,748,669	28.4%
Unrestricted	16,118,992	17,502,239	(1,383,247)	-7.9%
Total Net Position	\$ 789,487,494	\$ 618,860,914	\$ 170,626,580	27.6%

Condensed Statement of Revenue, Expenses & Changes in Net Position – NMFA Combined

	2023	2022	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Operating Revenue				
Interest on loans	\$ 50,401,598	\$ 47,851,592	\$ 2,550,006	5.3%
Administrative fees revenue	3,147,009	7,975,365	(4,828,356)	-60.5%
Interest on investments	11,778,537	(2,213,157)	13,991,694	632.2%
Total Operating Revenues	65,327,144	53,613,800	11,713,344	21.8%
Operating Expenses				
Bond interest expense	41,695,594	43,634,059	(1,938,465)	-4.4%
Grants expense	72,623,125	78,473,940	(5,850,815)	-7.5%
Loan financing pass-through	1,997,079	10,396,391	(8,399,312)	-80.8%
Salaries and benefits	8,569,515	6,903,037	1,666,478	24.1%
Bond issuance costs	1,135,857	1,109,926	25,931	2.3%
Professional services	3,808,914	7,511,275	(3,702,361)	-49.3%
Other operating costs	1,605,911	1,804,768	(198,857)	-11.0%
Provision for loan losses	249,039	(233,644)	482,683	206.6%
Interest expense	1,887,273	488,063	1,399,210	286.7%
Depreciation and amortization expense	1,064,867	970,882	93,985	9.7%
Total Operating Expenses	134,637,174	151,058,697	(16,421,523)	-10.9%
Net Operating Loss	(69,310,030)	(97,444,897)	28,134,867	28.9%
Non-operating Revenue (Expenses)				
Appropriation revenue	169,671,017	41,396,672	128,274,345	309.9%
Grants revenue and transfers from State	78,582,340	88,468,565	(9,886,225)	-11.2%
Reversions and transfers to State	(8,316,747)	(7,388,955)	(927,792)	-12.6%
Net Non-Operating Revenue	239,936,610	122,476,282	117,460,328	95.9%
Increase in Net Position	170,626,580	25,031,385	145,595,195	581.7%
Net Position, Beginning of Period	618,860,914	593,829,529	25,031,385	4.2%
Net Position, End of Period	\$ 789,487,494	\$ 618,860,914	\$ 170,626,580	27.6%



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