

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2016 AND 2015

CliftonLarsonAllen LLP



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**NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
CONSOLIDATED STATEMENTS OF CASH FLOWS	5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	6
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION	22
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	23
CONSOLIDATING STATEMENT OF CASH FLOWS	24



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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
New Mexico Community Capital and Subsidiaries
Albuquerque, New Mexico

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of New Mexico Community Capital and Subsidiaries (NMCC), a not-for-profit organization, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of New Mexico Community Capital and Subsidiaries as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding Valuation of Investments

As discussed in Note 2, the consolidated financial statements include privately held investments in portfolio companies valued by management in the absence of readily ascertainable market values. The value of the investments in portfolio companies has been estimated by management to be \$3,650,160 (58.0% of total assets) and \$7,492,272 (85.7% of total assets) as of December 31, 2016 and 2015, respectively. Because of the inherent uncertainty of valuation techniques, the estimated values may differ significantly from values that would have been used had a ready market for the investments existed, and the differences could be material. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating financial statements are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
April 7, 2017

**NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

ASSETS	2016	2015
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,230,345	\$ 790,505
Current Portion of Notes Receivable	79,650	23,152
Cash Held in Escrow	606,863	-
Grants, Contracts and Services Receivable	435,722	134,749
Prepaid and Other	11,920	12,538
Total Current Assets	2,364,500	960,944
NONCURRENT ASSETS		
Investments in Portfolio Companies - at Fair Value (cost of \$4,289,918 and \$7,910,407, respectively)	3,650,160	7,492,272
Notes Receivable, Net of Current Portion	267,217	289,656
Deposits	3,978	3,978
Property and Equipment, Net	4,365	78
Total Noncurrent Assets	3,925,720	7,785,984
Total Assets	\$ 6,290,220	\$ 8,746,928
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 18,344	\$ 3,536
Accrued Liabilities	228,555	-
Accrued Compensation	31,149	21,433
Total Current Liabilities	278,048	24,969
NET ASSETS		
Unrestricted Net Assets	1,126,041	1,229,752
Temporarily Restricted Net Assets	629,753	-
Noncontrolling Interest - NMCC Fund I, LP Partners' Capital	4,256,378	7,492,207
Total Net Assets	6,012,172	8,721,959
Total Liabilities and Net Assets	\$ 6,290,220	\$ 8,746,928

See accompanying Notes to Consolidated Financial Statements.

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
UNRESTRICTED NET ASSETS		
Support and Revenues:		
Contributions	\$ 7,455	\$ 36,599
Grants, Contracts and Services	502,694	628,221
Other Income	9,093	-
Net Realized Gain (Loss) from Investments	4,035,851	(23,098)
Interest Income	14,151	5,599
Royalty Income	5,533	900
Net Unrealized Gain (Loss) from Investments	(221,623)	7,225
Total Unrestricted Support and Revenues	4,353,154	655,446
Expenses:		
Salaries and Benefits	319,252	390,838
Professional Fees	403,674	380,524
Office and Utilities	70,445	87,666
Marketing and Public Relations	1,542	16,971
Travel	15,606	23,116
Information Technology	1,216	4,092
Insurance Expense	22,661	23,191
Dues, Conferences and Board Meetings	34,802	60,979
Bad Debt Expense	96,015	-
Partnership Expenses	-	175
Total Expenses	965,213	987,552
CHANGE IN UNRESTRICTED NET ASSETS	3,387,941	(332,106)
TEMPORARILY RESTRICTED NET ASSETS		
SBA Award	18,033	-
CDFI Grant	525,998	-
SEEDS	85,722	-
Change in Temporarily Restricted Net Assets	629,753	-
CHANGE IN NET ASSETS BEFORE NET CAPITAL CONTRIBUTIONS (DISTRIBUTIONS) TO LIMITED PARTNERS	4,017,694	(332,106)
NET CAPITAL CONTRIBUTIONS (DISTRIBUTIONS) TO LIMITED PARTNERS	(6,727,481)	185,627
Total Net Assets - Beginning of Year	8,721,959	8,868,438
TOTAL NET ASSETS - END OF YEAR	\$ 6,012,172	\$ 8,721,959

See accompanying Notes to Consolidated Financial Statements.

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets Before Net Capital Contributions (Distributions) from (to) Limited Partners	\$ 4,017,694	\$ (332,106)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	475	2,038
Bad Debt Expense	96,015	-
Net Realized (Gain) Loss from Investments	(4,035,851)	23,098
Net Unrealized (Gain) Loss from Investments	221,623	(7,225)
Effects of Changes in Operating Assets and Liabilities:		
Notes Receivable	(130,074)	17,666
Grants, Contracts and Services Receivable	(300,973)	(61,024)
Prepaid and Other	618	(221)
Deposits	-	(791)
Proceeds From Sale of Investments, Net of Cash Escrow Hold-Back of \$606,863	7,049,477	-
Receipt of Payment on Cash Held in Escrow (Held Back in Previous Year)	-	173,190
Accounts Payable and Accrued Liabilities	243,363	1,994
Accrued Compensation	9,716	5,523
Net Cash Provided (Used) by Operating Activities	7,172,083	(177,858)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(4,762)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Contributions from Limited Partners	273,799	357,635
Capital Distributions to Limited Partners	(7,001,280)	(172,008)
Net Cash Provided (Used) by Financing Activities	(6,727,481)	185,627
NET INCREASE IN CASH AND CASH EQUIVALENTS	439,840	7,769
Cash and Cash Equivalents - Beginning of Year	790,505	782,736
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,230,345	\$ 790,505

See accompanying Notes to Consolidated Financial Statements.

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 ORGANIZATION AND PRESENTATION

New Mexico Community Capital (NMCC) is a not-for-profit 501(c)(3) New Mexico corporation formed on September, 21, 2004, to provide equity capital and management resources to qualifying businesses throughout New Mexico, particularly in under-invested areas. NMCC seeks foundation and other grants to support its work. NMCC is not a private foundation.

NMCC is the sole member of New Mexico Community Capital Management, LLC (GP), which acts as the general partner of New Mexico Community Capital Fund I, LP (Partnership). The GP and the Partnership were formed on March 10, 2005. Under a services agreement between the GP and NMCC, NMCC provides management services to the Partnership for a fee. In 2007, the Partnership reached limited partner funding commitments totaling \$14.65 million. At this time, the Partnership is closed to additional investors or additional capital commitments. The committed capital serves as the source of funds used for investing and operation of the Partnership. Cumulative capital calls were \$14,615,396 and \$14,339,717 through December 31, 2016 and 2015, respectively.

The Partnership is scheduled to terminate on June 30, 2017, per the terms of the Partnership Agreement, unless extended for up to one additional one-year periods by a supermajority (72%) interest of the limited partners and the GP. The Partnership was extended for a one year period in 2016 and 2015. The GP has again communicated its desire to extend the Partnership Agreement for a one-year period, and management believes that such extension will be approved by the limited partners.

The accompanying consolidated financial statements reflect the consolidated financial position, consolidated activities and change in net assets, and consolidated cash flows of NMCC, the GP and the Partnership. All material inter-company transactions have been eliminated in consolidation. The consolidated entities may be referred to as NMCC herein.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparing Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. The most significant estimate involves the fair value of equity investments in private companies. Because of the inherent uncertainty of valuing these securities, the estimated fair value of investments may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in Preparing Financial Statements (Continued)

For GAAP purposes, the Partnership is considered an investment company pursuant to the guidance contained in the AICPA Audit & Accounting Guide for Investment Companies and Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 946, *Financial Services – Investment Companies*.

Basis of Accounting

NMCC uses the accrual method of accounting.

Investments

The GP has a Fund Advisory Board, consisting of individuals who are not members of management, who serve in an advisory capacity with respect to investments. This board meets at least four times per year to review the Partnership's portfolio and evaluate all investments recommended by the GP. Investments are only made if not denied by the Fund Advisory Board. Committed limited partner capital is drawn on an "as needed" basis to fund investments and working capital requirements of the Partnership. As of December 31, 2016 and 2015, the Partnership has made capital calls totaling \$14,615,396 and \$14,339,717, respectively, from the limited partners, representing 99.8% and 97.9%, respectively, of committed limited partner capital.

Portfolio investments are carried at fair value as determined in good faith by the GP in accordance with FASB ASC 820-10, *Fair Value Measurements* (Note 5). There is no ready market for the Partnership's investments in private companies. Fair value is generally defined as the amount the Partnership could reasonably expect to receive for an investment in an orderly disposition based on a current sale. In order to determine fair value, the GP considers the following:

1. The investee company's enterprise value established in the last round of venture financing, changes in market or company conditions since the last round of venture financing, or since the last reporting period, the value of a minority interest in the investee company.
2. The investee company's financial position, the ability to obtain any necessary additional financing and the investee company's performance as compared to its business plan.
3. The investee company's progress towards an exit event is a significant factor considered in the estimation of fair value.
4. Other significant factors include the inherent illiquidity of and lack of marketability associated with venture capital investments in private companies.

The values assigned to these investments are based upon available information and do not necessarily represent amounts that might ultimately be realized, since such amounts

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

depend on future circumstances and cannot be reasonably determined until the individual positions are liquidated. That portion of NMCC's investments whose values have been estimated by the GP was \$3,650,160 and \$7,492,272 (100% of the total investment in portfolio companies) as of December 31, 2016 and 2015, respectively. Due to the absence of readily ascertainable market values and the inherent uncertainty of valuations, the estimated values may differ significantly from values that would have been used had a ready market for the investments existed, and these differences could be material. Additionally, there were no changes in the valuation methodologies during 2016.

Realized gains and losses from sales of investments are determined using the specific identification method. Purchases and sales of investments are recorded on the closing date of the transaction. During the year ended December 31, 2016, the Partnership had net realized gains of \$4,035,851. During the year ended December 31, 2015, the Partnership had net realized losses of \$23,098.

Management Agreement with GP

During the first two years after initial closing of limited partner funding, the Partnership paid management fees of 3.5% per annum of the amount of aggregate committed capital to NMCC upon closing and thereafter semi-annually in advance. The management fee was reduced to 3% per annum of committed capital in years three and four and 2.5% per annum in subsequent years. At the beginning of 2011, in accordance with the limited partner agreement, the Partnership began incurring fees based on aggregate funded capital rather than committed capital. If the GP forms another fund of at least \$7.5 million during the life of the Partnership, the management fee may be further reduced to a minimum of 2% per annum. Under these terms, the Partnership incurred management fees totaling \$216,677 and \$300,093 during the years ended December 31, 2016 and 2015, respectively. These fees have been eliminated in preparation of the consolidated financial statements.

Limited Partnership Agreement

The limited partnership agreement specifies that the GP serves as general partner of the Partnership. The limited partners have limited liability with respect to the Partnership's activities and do not have management responsibilities or voting rights within the Partnership. The partnership agreement specifies detailed procedures for allocating partnership income and partner distributions. Partnership losses are allocated to the limited partners in proportion to their capital balances relative to total limited partner capital commitments.

The limited partnership agreement defines certain expenses of the Partnership that are the responsibility of the GP. They are principally related to those costs associated with maintaining an office for the Partnership and compensation of GP's employees. Under the agreement, the Partnership is to bear all of its expenses not considered to be GP expenses. In addition, the Partnership is to be charged with the first \$40,000 per year for GP expenses. Organization expenses of up to \$100,000 were borne by the limited

**NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Limited Partnership Agreement (Continued)

partners. The expenses discussed in this paragraph are reflected as partnership expenses in the accompanying consolidated financial statements. The expenses incurred by the Partnership under the limited partnership agreement totaled \$40,000 and \$40,175 for the years ended December 31, 2016 and 2015, respectively.

Basis of Presentation

NMCC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. No permanently restricted assets were held at December 31, 2016 and 2015; accordingly, these consolidated financial statements do not reflect any activity related to this class of net assets. When the Partnership is consolidated, all limited partner capital is classified as an unrestricted net asset.

Cash and Cash Equivalents

For purposes of presenting cash flows, NMCC considers all interest-bearing deposits with an original maturity of three months or less to be cash equivalents, which at times may exceed federally insured limits. NMCC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

Notes Receivable

NMCC at times invests money in companies in the startup phase of their business cycle. At December 31, 2016 and 2015, NMCC had four and three notes outstanding, respectively. During 2016, the note for NdnEnergy, LLC was written-off as the business was not able to get off the ground. NMCC collected \$28,985 of the note receivable balance and wrote-off the remaining \$96,015. NMCC management expects to collect these notes in full and has not recorded an allowance as of December 31, 2016. The notes receivable balance as of December 31 consisted of:

	2016	2015
Girlzilla, LLC	\$ 133,511	\$ -
Bow & Arrow Brewing Co.	126,528	125,000
Aspen Avionics, Inc.	51,386	-
Running Horse, LLC	35,442	62,808
NdnEnergy, LLC	-	125,000
Total	\$ 346,867	\$ 312,808

Grant Receivables

Grant receivables represent grants for which the funds have been expended but not yet reimbursed. NMCC management expects to collect these receivables in full and did not record an allowance as of December 31, 2016 or 2015.

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Acquisitions of property and equipment of \$500 or more are recorded at cost if purchased and fair market value if donated. Depreciation is provided for using the straight line method over the assets' estimated useful lives, ranging from three to five years. Expenditures for minor replacements, maintenance and repairs are charged to expense as incurred. Depreciation was charged to office and utilities expense.

Impairment of Long-lived Assets and Long-lived Assets to be Disposed of

NMCC reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of, if any, are reported as the lower of the carrying amount or the fair value less costs to sell. There was no impairment of long-lived assets at December 31, 2016 and 2015.

Accrued Liabilities

As of December 31, 2016 and 2015, accrued liabilities consist of fiscal agent liabilities in the amount of \$228,555 and \$-0-, respectively. During 2016, NMCC entered into two agreements with companies to be a fiscal agent in which NMCC receives contributions and gifts, including but not limited to grant funding if awarded, to be used for the companies, and to distribute those funds to the companies. All funds received for use by the companies are to be deposited and held in a checking account. As of December 31, 2016 and 2015, cash held in a checking account related to these agreements was \$229,305 and \$750, respectively. The cash held is recorded in cash and cash equivalents in the accompanying consolidated statements of financial position.

Gross Receipts Taxes

The GP is a single member LLC whose only member is NMCC. In October 2008, NMCC received a letter from the State of New Mexico Taxation and Revenue Department stating that gross receipts of the GP are exempt under NMSA 7-9-29A.

Financial Instruments

NMCC believes the carrying amount of its cash and cash equivalents; contributions, grants, contracts, and services receivable; prepaid and other assets and accounts payable and accrued liabilities approximates fair value due to their short maturity.

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants, Contracts, Business Services and Contributions

Grant revenues are recognized according to the type of grant:

Grants based on a direct cost reimbursement for expenditures incurred under the grant scope of work - revenues are recognized at the time of expenditure and billed to the grantor on a monthly or quarterly basis as required by the grant.

Government grants in which funds are disbursed to NMCC prior to service being rendered - revenue is recognized when funds are received, unexpended funds at the end of the fiscal year are reported as deferred revenue.

Foundation grants are recognized as revenue when promised, and classified as temporarily restricted net assets until the funds are received and any applicable restrictions are satisfied.

Grants in which fee-for services are billed for payment - revenues are recognized when services are provided.

NMCC has entered into a number of professional service contracts from various agencies of the State of New Mexico and received grants from the Federal Department of Commerce Economic Development Administration (EDA), all of which are designed to fund the programmatic activities of NMCC. The grants from the EDA are a cost reimbursement program which spans two years for reimbursement of qualifying costs.

Business services are provided by NMCC employees as well as professionals contracted by NMCC. Fee arrangements vary by client and may be due currently or deferred. Service revenue from these activities is recognized in the period such fees are earned and are deemed to be collectible.

NMCC received a discretionary federal grant from the Administration for Native Americans (ANA) in 2014. As of December 31, 2016, the total federal amount awarded to NMCC is \$1,018,307. The ANA will reimburse 80% of qualifying costs; the balance must be funded from other non-government sources. NMCC recognized \$374,447 and \$192,303 in expenditures for the years ended December 31, 2016 and 2015, respectively.

NMCC received a federal grant from the Community Development Financial Institutions Fund (CDFI Fund) NACA Program in the amount of \$700,000 during the year ended December 31, 2016. The award is to be utilized to meet the demand for affordable financial products in economically distressed communities. NMCC received an initial payment of \$350,000 in 2016 of which \$174,002 was expended. The remaining award amount of \$350,000 will be disbursed once 90% of the initial payment has been expended and NMCC requests a subsequent payment. This remaining amount of \$350,000 has been recognized as grant revenue in 2016 as management believes the likelihood of not meeting the conditions for reimbursement is remote.

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants, Contracts, Business Services and Contributions (Continued)

The SBA awarded NMCC an unrestricted Growth Accelerator Prize during the year ended December 31, 2016, in the amount of \$50,000. For the year ended December 31, 2016, the NMCC recognized \$31,967 in grant expenditures.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to NMCC 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 condition is removed and the gift is received.

Gifts received with donor stipulations that limit the use of the donated assets are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished by NMCC, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Risk Management

NMCC is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. NMCC has obtained commercial insurance coverage to protect itself against such losses.

Donated Assets and Services

GAAP requires that professional service hours (attorney, accountants, etc.) be recorded in the consolidated financial statements, but not volunteer hours. Volunteers and board members have donated significant amounts of their time to NMCC's programs. The value of these hours is not recorded in the consolidated financial statements. There were no professional service hours donated for the years ended December 31, 2016 and 2015.

Income Taxes

NMCC is a non-profit corporation and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as other than a private foundation. As such, their normal activities do not result in any income tax liability. NMCC would pay taxes on unrelated business income, but did not have any at December 31, 2016 and 2015.

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

NMCC would recognize accrued interest related to unrecognized tax benefits in interest expense and penalties in operating expenses. There was no such interest or penalties recorded for the years ended December 31, 2016 and 2015.

The NMCC has adopted ASC 740-10, relating to uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. NMCC does not have any uncertain tax positions.

NOTE 3 INVESTMENTS IN PORTFOLIO COMPANIES

Investments in portfolio companies are valued at fair value as determined in good faith by the GP. Investments in portfolio companies as of December 31, 2016 consist of the following:

Company	Percent of Partnership Capital	Description of Securities	Number of Shares	Cost	Cumulative Unrealized Gain (Loss)	Fair Value
TruTouch Technologies	0.3%	Series A-0 Preferred Stock	207,996	\$ 400,000	\$ (385,128)	\$ 14,872
Preferred Produce	0.0%	Common Stock	5	15,000	-	15,000
Armed Response Team	27.0%	Series A & A-2 Preferred Stock	2,316,668	1,150,000	-	1,150,000
American Clay Corporation	3.5%	Series C Preferred Stock	420,168	500,000	(350,000)	150,000
Aspen Avionics	54.5%	Series D Preferred Stock	1,861,932	2,224,918	64,423	2,289,341
		Warrants	147,372	-	30,947	30,947
Total Aspen Avionics			2,009,304	2,224,918	95,370	2,320,288
			4,954,141	\$ 4,289,918	\$ (639,758)	\$ 3,650,160

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 3 INVESTMENTS IN PORTFOLIO COMPANIES (CONTINUED)

Investments in portfolio companies as of December 31, 2015 consist of the following:

Company	Percent of Partnership Capital	Description of Securities	Number of Shares	Cost	Cumulative Unrealized Gain (Loss)	Fair Value
TruTouch Technologies	0.2%	Series A-0 Preferred Stock	207,996	\$ 400,000	\$ (385,128)	\$ 14,872
Preferred Produce	0.0%	Common Stock	5	15,000	-	15,000
MIOX Corporation	15.0%	Series B & C Preferred Stock	901,253	1,000,000	125,000	1,125,000
Armed Response Team	15.3%	Series A & A-2 Preferred Stock	2,316,668	1,150,000	-	1,150,000
Wellkeeper, Inc.	7.6%	Earnout Consideration	-	-	568,226	568,226
American Clay Corporation	2.0%	Series C Preferred Stock	420,168	500,000	(350,000)	150,000
ProtoHIT	0.0%	Series A & B Preferred Stock	108,217	1,000,000	(1,000,000)	-
IntelliCyt Corporation	28.8%	Common Stock & Series A, A-1, B & C Preferred Stock	4,030,868	1,620,489	535,622	2,156,111
Aspen Avionics	30.9%	Series D Preferred Stock Warrants	1,861,932 147,372	2,224,918 -	64,423 23,722	2,289,341 23,722
Total Aspen Avionics			2,009,304	2,224,918	88,145	2,313,063
			9,994,479	\$ 7,910,407	\$ (418,135)	\$ 7,492,272

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 3 INVESTMENTS IN PORTFOLIO COMPANIES (CONTINUED)

A brief description of the Partnership's investments is as follows:

TruTouch Technologies

TruTouch Technologies, Inc. is a Massachusetts and California based company that produces non-invasive blood alcohol testing devices. During 2016, the company secured a 12 month contract in funding for capital intensive testing and equipment acquisitions.

Preferred Produce

Preferred Produce operates a greenhouse where it grows certain produce in a controlled environment.

MIOX Corporation

MIOX manufactures and sells patented water disinfection units for use in water treatment systems across the globe. During 2016, the Partnership executed an agreement to sell all of its interest in MIOX, resulting in a realized loss of \$805,141. This transaction included a payment at closing of \$144,196 and a 15 month follow-on payment of \$50,663 held in escrow, for total consideration of \$194,859.

Armed Response Team, Inc.

Armed Response Team provides alarm monitoring and armed response for residential and commercial customers in the Albuquerque metro area.

Wellkeeper, Inc.

Wellkeeper, Inc. (Wellkeeper) is a New Mexico based company that produces remote well monitoring systems for oil and gas operations. In September 2014, the Partnership executed an agreement to sell its interest in Wellkeeper. This transaction included a payment at closing of \$430,689, a one year follow-on payment of \$173,190, and earn-out consideration at the end of two years and three years that allow for a total potential consideration of \$932,652. The Partnership had recorded an earn-out consideration asset of \$568,226 based on its assessment of the company's ability to meet certain financial targets. During 2016, it was determined that Wellkeeper was not going to meet the specific financial targets. The investment was written off, resulting in an unrealized loss of \$568,226.

American Clay Corporation

American Clay manufactures and sells natural earth plasters for commercial and high-end home interior wall applications.

ProtoHIT

ProtoHIT developed and delivered cloud-based data management and communication solutions for the healthcare industry. The Company ceased operations in 2012, at which time the University of New Mexico's technology transfer office regained ownership of the technology behind ProtoHIT. This investment was written off in 2016 for a realized loss of \$1,000,000.

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 3 INVESTMENTS IN PORTFOLIO COMPANIES (CONTINUED)

IntelliCyt Corporation

IntelliCyt Corporation (IntelliCyt) is a New Mexico based company that produces systems that dramatically increase the throughput and analysis of flow cytometry machines for the medical research and drug discovery industries. During 2016, the Partnership executed an agreement to sell its interest in IntelliCyt, resulting in a realized gain of \$5,840,992. This transaction included a payment at closing of \$6,905,281 and a one year follow-on payment of \$556,200 held in escrow, for total consideration of \$7,461,481.

Aspen Avionics

Aspen Avionics manufactures and sells certified digital flight displays for general aviation.

NOTE 4 CASH HELD IN ESCROW

At December 31, 2016, the Partnership had \$606,863 in cash held in escrow not available for general use and is separately accounted for in the accompanying consolidated financial statements. This balance related to the cash held in escrow from the MIOX and IntelliCyt sales in 2016. At December 31, 2015, the Partnership did not have any cash held in escrow.

NOTE 5 FAIR VALUE OF INVESTMENTS

For its investments in portfolio companies, NMCC has adopted FASB ASC 820-10, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

FASB ASC 820-10 describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability (such as interest rates and yield curves, prepayment speeds, loss credit risk, etc.)

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 5 FAIR VALUE OF INVESTMENTS (CONTINUED)

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the Partnership's own data and assumptions.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Valuation of Portfolio Companies

In cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. NMCC has no Level 1 or Level 2 investments.

At December 31, 2016 and 2015, all investments in portfolio companies are considered Level 3 investments. NMCC uses the criteria described in Note 2 in order to estimate the fair value of its investments. The final determination of fair value is based on the facts and circumstances for each portfolio company investment.

The following table presents a summary of changes in the fair value of NMCC's Level 3 investments held at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Balance - Beginning of Year	\$ 7,492,272	\$ 7,485,047
Net Realized Gain from Investments	4,035,851	-
Net Unrealized Gain (Loss) from Investments	(221,623)	7,225
Proceeds from Sale of Investments, Including Cash Escrow Hold-back of \$606,863	<u>(7,656,340)</u>	<u>-</u>
Balance - End of Year	<u>\$ 3,650,160</u>	<u>\$ 7,492,272</u>

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 5 FAIR VALUE OF INVESTMENTS (CONTINUED)

Information concerning the significant unobservable inputs used in estimating the fair value of investments as of December 31, 2016 is as follows:

Quantitative Information about Level 3 Fair Value Measurements

	Fair Value	Valuation Technique	Unobservable Input	Input Value
Direct Investments:				
TruTouch Technologies	\$ 14,872	Most Recent Round	Most Recent Round	\$ 0.0715
Preferred Produce	15,000	Cost	Management Assumptions	3,000.0000
Armed Response Team	1,150,000	Cost	Management Assumptions	0.4964
		Present Value		
American Clay Corporation	150,000	of Expected Recovery	Management Assumptions	0.3570
Aspen Avionics	2,320,288	Most Recent Round	Most Recent Round	1.2462
Total Direct Investments	<u>\$ 3,650,160</u>			

Information concerning the significant unobservable inputs used in estimating the fair value of investments as of December 31, 2015 is as follows:

Quantitative Information about Level 3 Fair Value Measurements

	Fair Value	Valuation Technique	Unobservable Input	Input Value
Direct Investments:				
TruTouch Technologies	\$ 14,872	Most Recent Round	Most Recent Round	\$ 0.0715
Preferred Produce	15,000	Cost	Management Assumptions	3,000.0000
MIOX Corporation	1,125,000	Most Recent Round	Most Recent Round	1.2483
Armed Response Team	1,150,000	Cost	Management Assumptions	0.4964
Wellkeeper, Inc.	568,226	Earn-Out Consideration	Management Assumptions	-
		Present Value		
American Clay Corporation	150,000	of Expected Recovery	Management Assumptions	0.3570
IntelliCyt Corporation	2,156,111	Most Recent Round	Most Recent Round	0.5158
Aspen Avionics	2,313,063	Most Recent Round	Most Recent Round	1.2423
Total Direct Investments	<u>\$ 7,492,272</u>			

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 6 FINANCIAL HIGHLIGHTS

The following financial highlights consist of operating expenses and net investment income ratios for the Partnership for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Net Investment Income Ratio ⁽¹⁾	-4.70%	-4.75%
Expense Ratio	1.02%	0.79%
GP Management Fee Ratio	<u>3.69%</u>	<u>3.96%</u>
Total Expense and GP Management Fee Ratio	<u><u>4.70%</u></u>	<u><u>4.75%</u></u>

(1) Net investment income does not include realized and unrealized gains (losses) from the Partnership's investments.

The net investment income and operating expense ratios are computed as a percentage of average limited partners' capital. Average limited partners' capital is computed as the weighted average limited partners' capital as measured at each equity transaction date. The Partnership has not calculated the internal rate of return since its inception.

NOTE 7 PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31 follows:

	<u>2016</u>	<u>2015</u>
Furniture and Equipment	\$ 59,455	\$ 54,693
Software and Computer Systems	<u>6,951</u>	<u>6,951</u>
	66,406	61,644
Less: Accumulated Depreciation	<u>(62,041)</u>	<u>(61,566)</u>
Property and Equipment, Net	<u><u>\$ 4,365</u></u>	<u><u>\$ 78</u></u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$475 and \$2,038, respectively.

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 8 LEASE OBLIGATIONS

NMCC leases office space in Albuquerque, New Mexico. The lease commenced in March of 2015 and expires in 2020.

Future minimum lease payments are as follows:

Year	Amount
2017	\$ 50,390
2018	51,906
2019	53,421
2020	13,450
Thereafter	-
	\$ 169,167

Total rental expense for the years ended December 31, 2016 and 2015 was \$44,644 and \$49,685, respectively.

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following for the years ended December 31:

	2016	2015
SBA Award Restricted for Purpose	\$ 18,033	\$ -
CDFI Grant Restricted for Purpose	525,998	-
SEEDS Restricted for Time	85,722	-
Total	\$ 629,753	\$ -

During 2016, the SBA awarded NMCC a \$50,000 grant. Of the \$50,000 received in 2016, \$31,967 was spent and \$18,033 remains restricted for the grant's purpose (Note 2).

The CDFI Fund awarded NMCC a \$700,000 grant for the period September 10, 2015 through December 31, 2018. The Assistance Agreement was executed on January 4, 2016. Of the \$700,000 recognized in 2016, \$174,002 was spent and \$525,998 remains restricted for the grant's purpose (Note 2).

The SEEDS grant was awarded in 2014 from the ANA (Note 2). The \$85,722 represents the 2016 Q4 reimbursement request not yet received by NMCC as of December 31, 2016.

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 10 RELATED PARTY TRANSACTIONS

NMCC has an investment in the Partnership of \$29,055 and \$51,141 as of December 31, 2016 and 2015, respectively. These amounts are eliminated in the consolidated financial statements. See Note 2 for transactions relating to management fees and expenses that are the responsibility of the GP per the limited partnership agreement.

NOTE 11 EXPENSES BY FUNCTIONAL ALLOCATION

The following is a summary of expenses by functional classification for NMCC for the years ended December 31:

	2016	2015
General Partner Management	\$ 228,025	\$ 189,454
Fundraising	-	17,148
Programmatic	594,310	658,348
Management and General	142,878	122,602
Total	\$ 965,213	\$ 987,552

NOTE 12 CONCENTRATION OF RISK

The Partnership invests in smaller, emerging companies, which involves greater risk than that generally associated with investments in more mature companies. Emerging companies tend to have lower capitalization and fewer resources and, therefore, are more often vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance. The types of risks faced in these investments include the general risks associated with investing in companies with unproven business models, companies operating at a loss or with substantial variations in operating results from period to period, and companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. The risk associated with these companies is increased by concentration within similar lines of business, as economic fluctuations tend to affect the companies in a similar fashion.

Financial instruments that potentially subject the Partnership to concentration of credit risk also consist of cash and cash equivalent accounts in financial institutions. At various times the Partnership's cash in bank balances exceeded the federally insured limits. The Partnership has not experienced a loss due to its banking relationship.

NOTE 13 COMMITMENTS AND CONTINGENCIES

NMCC receives federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of NMCC's management, such disallowances, if any, will not be significant.

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

	NMCC 501(c)(3)	NMCC Management LLC	NMCC Fund I, LP	Total	Eliminations	Consolidated
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 1,227,074	\$ -	\$ 3,271	\$ 1,230,345	\$ -	\$ 1,230,345
Current Portion of Notes Receivable	79,650	-	-	79,650	-	79,650
Cash Held in Escrow	-	-	606,863	606,863	-	606,863
Grants, Contracts and Services Receivable	435,722	-	-	435,722	-	435,722
Prepaid and Other	836	-	11,084	11,920	-	11,920
Total Current Assets	<u>1,743,282</u>	<u>-</u>	<u>621,218</u>	<u>2,364,500</u>	<u>-</u>	<u>2,364,500</u>
NONCURRENT ASSETS						
Investments in Portfolio Companies (cost of \$4,289,918 and \$7,910,407, respectively)	44,055	-	3,635,160	3,679,215	(29,055)	3,650,160
Notes Receivable, Net of Current Portion	267,217	-	-	267,217	-	267,217
Deposits	3,978	-	-	3,978	-	3,978
Property and Equipment, Net	4,365	-	-	4,365	-	4,365
Total Noncurrent Assets	<u>319,615</u>	<u>-</u>	<u>3,635,160</u>	<u>3,954,775</u>	<u>(29,055)</u>	<u>3,925,720</u>
Total Assets	<u>\$ 2,062,897</u>	<u>\$ -</u>	<u>\$ 4,256,378</u>	<u>\$ 6,319,275</u>	<u>\$ (29,055)</u>	<u>\$ 6,290,220</u>

LIABILITIES, NET ASSETS AND PARTNERS' CAPITAL

CURRENT LIABILITIES						
Accounts Payable	\$ 18,344	\$ -	\$ -	\$ 18,344	\$ -	\$ 18,344
Accrued Liabilities	228,555	-	-	228,555	-	228,555
Accrued Compensation	31,149	-	-	31,149	-	31,149
Total Current Liabilities	<u>278,048</u>	<u>-</u>	<u>-</u>	<u>278,048</u>	<u>-</u>	<u>278,048</u>
NET ASSETS AND PARTNERS' CAPITAL						
Unrestricted Net Assets	1,155,096	-	-	1,155,096	(29,055)	1,126,041
Temporarily Restricted Net Assets	629,753	-	-	629,753	-	629,753
Noncontrolling Interest - NMCC Fund I, LP	-	-	-	-	4,256,378	4,256,378
Partners' Capital	-	-	4,256,378	4,256,378	(4,256,378)	-
Total Net Assets and Partners' Capital	<u>1,784,849</u>	<u>-</u>	<u>4,256,378</u>	<u>6,041,227</u>	<u>(29,055)</u>	<u>6,012,172</u>
Total Liabilities, Net Assets and Partners' Capital	<u>\$ 2,062,897</u>	<u>\$ -</u>	<u>\$ 4,256,378</u>	<u>\$ 6,319,275</u>	<u>\$ (29,055)</u>	<u>\$ 6,290,220</u>

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	NMCC 501(c)(3)	NMCC Management LLC	NMCC Fund I, LP	Total	Eliminations	Consolidated
UNRESTRICTED NET ASSETS						
Support and Revenues:						
Contributions	\$ 7,455	\$ -	\$ -	\$ 7,455	\$ -	\$ 7,455
Grants, Contracts and Services	502,694	-	-	502,694	-	502,694
Management Fees	216,677	-	-	216,677	(216,677)	-
Other Income	9,093	-	-	9,093	-	9,093
General Partner Fee - Fund I	40,000	-	-	40,000	(40,000)	-
Net Realized Gain from Investments	-	-	4,035,851	4,035,851	-	4,035,851
Interest Income	14,151	-	-	14,151	-	14,151
Royalty Income	5,533	-	-	5,533	-	5,533
Net Unrealized Loss from Investments	(22,086)	-	(221,623)	(243,709)	22,086	(221,623)
Total Unrestricted Support and Revenues	773,517	-	3,814,228	4,587,745	(234,591)	4,353,154
Expenses:						
Salaries and Benefits	319,252	-	-	319,252	-	319,252
Professional Fees	403,674	-	-	403,674	-	403,674
Office and Utilities	70,445	-	-	70,445	-	70,445
Marketing and Public Relations	1,542	-	-	1,542	-	1,542
Travel	15,606	-	-	15,606	-	15,606
Information Technology	1,216	-	-	1,216	-	1,216
Insurance Expense	3,000	-	19,661	22,661	-	22,661
Dues, Conferences and Board Meetings	34,802	-	-	34,802	-	34,802
Bad Debt Expense	96,015	-	-	96,015	-	96,015
Management Fees	-	-	216,677	216,677	(216,677)	-
Partnership Expenses	-	-	40,000	40,000	(40,000)	-
Total Expenses	945,552	-	276,338	1,221,890	(256,677)	965,213
Change in Unrestricted Net Assets	(172,035)	-	3,537,890	3,365,855	22,086	3,387,941
TEMPORARILY RESTRICTED NET ASSETS						
SBA Award	18,033	-	-	18,033	-	18,033
CDFI Grant	525,998	-	-	525,998	-	525,998
SEEDS	85,722	-	-	85,722	-	85,722
Change in Temporarily Restricted Net Assets	629,753	-	-	629,753	-	629,753
CHANGE IN NET ASSETS BEFORE NET CAPITAL DISTRIBUTIONS						
	457,718	-	3,537,890	3,995,608	22,086	4,017,694
NET CAPITAL DISTRIBUTIONS						
	46,238	-	(6,773,719)	(6,727,481)	-	(6,727,481)
Total Net Assets - Beginning of Year	1,280,893	-	7,492,207	8,773,100	(51,141)	8,721,959
TOTAL NET ASSETS - END OF YEAR	<u>\$ 1,784,849</u>	<u>\$ -</u>	<u>\$ 4,256,378</u>	<u>\$ 6,041,227</u>	<u>\$ (29,055)</u>	<u>\$ 6,012,172</u>

NEW MEXICO COMMUNITY CAPITAL AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	NMCC 501(c)(3)	NMCC Management LLC	NMCC Fund I, LP	Total	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in Net Assets Before Net Capital Contributions						
(Distributions) from (to) Limited Partners	\$ 457,718	\$ -	\$ 3,537,890	\$ 3,995,608	\$ 22,086	\$ 4,017,694
Adjustments to Reconcile Change in Net Assets to						
Net Cash Provided by Operating Activities:						
Depreciation	475	-	-	475	-	475
Bad Debt Expense	96,015	-	-	96,015	-	96,015
Net Realized Gain from Investments	-	-	(4,035,851)	(4,035,851)	-	(4,035,851)
Net Unrealized Loss from Investments	22,086	-	221,623	243,709	(22,086)	221,623
Effects of Changes in Operating Assets						
and Liabilities:						
Notes Receivable	(130,074)	-	-	(130,074)	-	(130,074)
Grants, Contracts and Services Receivable	(300,973)	-	-	(300,973)	-	(300,973)
Prepaid and Other	38	-	580	618	-	618
Proceeds From Sale of Investments, Net of						
Cash Escrow Hold-Back of \$606,863	-	-	7,049,477	7,049,477	-	7,049,477
Accounts Payable and Accrued Liabilities	243,363	-	-	243,363	-	243,363
Accrued Compensation	9,716	-	-	9,716	-	9,716
Net Cash Provided by Operating Activities	<u>398,364</u>	<u>-</u>	<u>6,773,719</u>	<u>7,172,083</u>	<u>-</u>	<u>7,172,083</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment in NMCC Fund I	46,238	-	-	46,238	(46,238)	-
Purchase of Fixed Assets	(4,762)	-	-	(4,762)	-	(4,762)
Net Cash Used by Investing Activities	<u>41,476</u>	<u>-</u>	<u>-</u>	<u>41,476</u>	<u>(46,238)</u>	<u>(4,762)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital Contributions from Limited Partners	-	-	275,679	275,679	(1,880)	273,799
Capital Distributions to Limited Partners	-	-	(7,049,398)	(7,049,398)	48,118	(7,001,280)
Net Cash Used by						
Financing Activities	<u>-</u>	<u>-</u>	<u>(6,773,719)</u>	<u>(6,773,719)</u>	<u>46,238</u>	<u>(6,727,481)</u>
NET INCREASE IN CASH						
AND CASH EQUIVALENTS	439,840	-	-	439,840	-	439,840
Cash and Cash Equivalents - Beginning of Year	<u>787,234</u>	<u>-</u>	<u>3,271</u>	<u>790,505</u>	<u>-</u>	<u>790,505</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,227,074</u>	<u>\$ -</u>	<u>\$ 3,271</u>	<u>\$ 1,230,345</u>	<u>\$ -</u>	<u>\$ 1,230,345</u>