

Small Business Investment Corporation

FINANCIAL STATEMENTS

June 30, 2011 and 2010

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1-2
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements.....	6-13
Supplementary Schedules:	
Schedules of Activity of Investments in New Mexico Entities	14-15

INDEPENDENT AUDITORS' REPORT

Board of Directors
Small Business Investment Corporation

We have audited the accompanying statements of financial position of Small Business Investment Corporation, also known as the New Mexico Small Business Investment Corporation (NMSBIC), as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the NMSBIC's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NMSBIC as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of NMSBIC taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 basic financial statements as a whole.

As discussed in Note 1 and Note 6, these financial statements include investments in partnerships valued by the general partner of each partnership in the absence of readily ascertainable market values. At June 30, 2011 and 2010, that portion of NMSBIC's investments was \$11,568,599 and \$10,836,504, respectively, which represents 32% and 28% of NMSBIC's net assets at those dates. Because of the inherent uncertainty of valuation of these investments, the estimate by each general partner of these values may differ significantly from values that would have been used had a ready market for those investments existed, and the difference could be material.

October 17, 2011

A handwritten signature in black ink that reads "PULAKOS CPAs, PC". The signature is written in a cursive, slightly stylized font. The "P" is large and loops around the "U". The "CPAs" is written in a smaller, more upright font, and "PC" is at the end.

Pulakos CPAs, PC

Small Business Investment Corporation

STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

Assets

	<u>2011</u>	<u>2010</u>
Current assets		
Cash and cash equivalents	\$ 963,940	\$ 817,646
Certificates of deposit	14,799,024	16,757,528
Short-term investments	3,425	14,076
Interest and dividends receivable	1,266	80,662
Prepaid expenses	11,945	-
Accounts receivable, net	457,495	215,172
	<hr/>	<hr/>
Total current assets	16,237,095	17,885,084
	<hr/>	<hr/>
Equity investments in New Mexico entities	11,568,599	10,836,504
Cooperative loan agreements, net of allowance for losses	8,912,968	9,960,408
	<hr/>	<hr/>
	\$ 36,718,662	\$ 38,681,996
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Liabilities and Net Assets

	<u>2011</u>	<u>2010</u>
Current liabilities		
Accounts payable	\$ -	\$ 30,728
Capital calls payable	-	200,000
	<hr/>	<hr/>
Total current liabilities	-	230,728
	<hr/>	<hr/>
Temporarily restricted net assets	36,718,662	38,451,268
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	\$ 36,718,662	\$ 38,681,996
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Small Business Investment Corporation

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2011 and 2010

	2011			2010 Total
	Unrestricted	Temporarily Restricted	Total	
Revenues:				
Interest and dividend income	\$ -	\$ 331,558	\$ 331,558	\$ 570,851
Realized loss on investments	-	(1,684,400)	(1,684,400)	(2,033,282)
Investment valuation adjustments	-	689,158	689,158	(500,232)
Other realized loss	-	(10,658)	(10,658)	-
Net assets released from restrictions	1,058,264	(1,058,264)	-	-
Total revenues and other support	1,058,264	(1,732,606)	(674,342)	(1,962,663)
Expenses:				
Loan losses	176,177	-	176,177	123,074
Equity investment management and operating fees	629,655	-	629,655	702,731
Management and general	252,432	-	252,432	264,758
Total expenses	1,058,264	-	1,058,264	1,090,563
Change in net assets	-	(1,732,606)	(1,732,606)	(3,053,226)
Net assets at beginning of year	-	38,451,268	38,451,268	41,504,494
Net assets at end of year	\$ -	\$ 36,718,662	\$ 36,718,662	\$ 38,451,268

Small Business Investment Corporation

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,732,606)	\$ (3,053,226)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Provision for cooperative loan agreement losses	176,177	123,074
Net loss on investments and investment fees	1,635,555	3,236,245
Changes in operating assets and liabilities		
Interest and dividends receivable	79,396	(7,107)
Accounts receivable	(242,323)	(173,546)
Prepaid expenses	(11,945)	-
Accounts payable	(30,728)	8,124
	<u>(126,474)</u>	<u>133,564</u>
Cash (used) provided by operating activities		
Cash flows from investing activities:		
Sale of certificates of deposit	1,958,504	2,296,898
Sale of short-term investments	-	110,923
Investments in New Mexico entities	(1,685,736)	(4,447,276)
	<u>272,768</u>	<u>(2,039,455)</u>
Cash provided (used) by investing activities		
Change in cash and cash equivalents	146,294	(1,905,891)
Cash and cash equivalents, beginning of year	<u>817,646</u>	<u>2,723,537</u>
Cash and cash equivalents, end of year	<u>\$ 963,940</u>	<u>\$ 817,646</u>

Small Business Investment Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Small Business Investment Corporation, also known as the New Mexico Small Business Investment Corporation (NMSBIC), is a nonprofit, independent, public corporation established by the New Mexico Small Business Investment Act, §58-29-1 et. Seq., NMSA1978, as amended (the "Act"). NMSBIC was formed to create new job opportunities by making equity investments in land, buildings or infrastructure for facilities to support new or expanding businesses in the State of New Mexico and to otherwise make debt investments and equity investments to create new job opportunities to support new or expanding businesses. NMSBIC's sole funding source is the New Mexico Severance Tax Permanent Fund.

NMSBIC seeks to establish programmatic, contractual relationships with existing and newly created providers of financial services to efficiently and effectively deliver capital for the purpose of creating new job opportunities and economic growth in the State of New Mexico. NMSBIC accomplishes this by providing capital for equity investments or loans for land, buildings or infrastructure to support new or expanded businesses, or equity investments or loans to New Mexico small businesses, to help support economic growth and job creation, and to otherwise enhance economic development objectives of the State of New Mexico.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates. The most significant estimates involve the fair value of debt and equity securities. Because of inherent uncertainty in valuing these investments, the estimated fair value may differ from the values that would have been used had a ready market for the investments existed.

Financial Statement Presentation

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with NMSBIC's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Cash Equivalents

Cash and cash equivalents at June 30, 2011 and 2010, consist of demand deposits held at New Mexico branches of state and national banks.

Small Business Investment Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Short-Term Investments

Short-term investments consist of amounts held in the New Mexigrow Local Government Investment Pool (NM LGIP) which were \$3,425 and \$14,076 as of June 30, 2011 and 2010, respectively. As of June 30, 2011 and 2010, zero and \$14,076 of the NMSBIC investment in the NM LGIP had been segregated by the NM LGIP into a separate fund as the NM LGIP designated "The Reserve Contingency Fund" to account for the liquidation of the Reserve Primary money market fund in which the NM LGIP had invested. Amounts allocated to The Reserve Contingency Fund represent the NMSBIC pro-rata portion of NM LGIP's investment in The Reserve Fund, and may not be withdrawn by NMSBIC unless and until NM LGIP receives distributions from The Reserve Primary money market fund either through the liquidation process or other means. Amounts allocated by the NM LGIP to the Reserve Contingency Fund do not bear interest.

Investments

NMSBIC reports gains and losses on investments in the Statements of Activities as increases or decreases in temporarily restricted net assets unless their use is permanently restricted by explicit donor stipulations or by law.

For purposes of making equity investments in accordance with the Act, Cooperative Agreements generally take the form of investments made by NMSBIC as a limited partner in limited partnerships. Investments are carried at market value as determined in good faith by the general partner of each such limited partnership, in accordance with Cooperative Agreements. The general partners of these limited partnerships determine market value based upon fair value of the underlying investments of the limited partnerships, as there is no ready market for these investments. Realized gains and losses are recorded on a specific identification method upon the sale or write off of investment assets of the limited partnerships. Investment valuation adjustments are determined by general partners based on an increase or impairment in value in underlying investments during the investment-holding period. Management and operating fees of equity investments are determined by the general partners in accordance with the cooperative agreements and are reflected as a decrease in partner capital accounts.

A loan receivable is considered to be past due if any portion of the receivable balance is outstanding based on historical performance (ranging from one to thirty-one days). For the years ended June 30, 2011 and 2010, allowances have been established for loan losses incurred as a result of debt investments made under Cooperative Agreements of \$196,189 and \$241,748, respectively.

Certificates of deposit are carried at their face value.

NMSBIC may only make debt and equity investments in New Mexico businesses and in accordance with restrictions imposed by the Act.

Small Business Investment Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Asset Classifications

NMSBIC classifies net assets and revenues, expenses, gains and losses based on the existence, or absence, of donor-imposed restrictions. Unrestricted net assets have no donor-imposed restrictions. Revenues that are donor restricted are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized.

Income Taxes

NMSBIC is a nonprofit charitable corporation and has been recognized as tax-exempt under Section 501(c)(4) of the Internal Revenue Code. NMSBIC has adopted accounting principles generally accepted in the United States of America as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Currently, the 2008, 2009 and 2010 tax years are open and subject to examination by the Internal Revenue Service and New Mexico Taxation and Revenue Department. Management believes that the activities of NMSBIC are within their tax-exempt purpose, and that there are no uncertain tax positions.

Financial Instruments

The carrying amounts of cash, receivables, payables, and other liabilities approximate fair value due to the short maturity periods of these instruments.

Subsequent Events

NMSBIC has evaluated all events occurring subsequent to June 30, 2011 and through October 17, 2011, which is the date that the financial statements were issued. Management believes all such events have been appropriately disclosed in the accompanying financial statements.

NOTE 2 – CONCENTRATIONS

Concentration of Funding

NMSBIC receives 100% of its funding from the New Mexico Severance Tax Permanent Fund.

Concentration of Credit Risk

NMSBIC maintains its cash balances in branches of state and national financial institutions. The amounts on deposit with these financial institutions are insured by the Federal Deposit Insurance Corporation. In 2011 NMSBIC placed its Certificate of Deposits into a CDARS® program where certificate of deposits were placed with a number of FDIC-insured depository institutions in amounts fully insured by the FDIC. In addition, the demand deposits were transferred to interest-bearing accounts that are fully insured under the FDIC Temporary Account Guarantee program.

Uncollateralized cash and cash equivalents are maintained with financial institutions that from time to time exceed insured limits. NMSBIC has not experienced, and believes it is not exposed, to significant credit risk from these deposits.

Small Business Investment Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 2 – CONCENTRATIONS

NMSBIC enters into cooperative agreements with parties that have demonstrated the ability to provide business assistance to new and expanding businesses and that are primarily engaged in the business of providing business services and debt and equity capital to new and expanding businesses. Under Cooperative Agreements with lenders, the lenders use their own funds and funds provided by NMSBIC to make loans to new and expanding businesses. Concentrations of credit risk arise from a number of loans made by such third parties utilizing NMSBIC funds to start up businesses. The lenders with which NMSBIC has entered into Cooperative Agreements have discretion as to whether or not to require, and the amount of, collateral taken, on the loans.

NMSBIC invests its cash assets to generate an income stream sufficient to fund the operating budget of NMSBIC while protecting the principal (market) value of these assets. Short-term is defined not to be in excess of two years.

NOTE 3 – FAIR VALUE MEASUREMENT

NMSBIC holds certain assets at fair value using a fair value hierarchy prioritizing the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Investment Entity has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Small Business Investment Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 3 – FAIR VALUE MEASUREMENT - CONTINUED

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2009.

NMLGIP: Valued at the market value of the shares held by the plan as reported by third-party at the end of the year.

Debt Cooperative Agreements: Valued at the net asset value of debt investment at year-end.

Equity Cooperative Agreements: Valued at market value as determined in good faith by the general partner of each such limited partnership.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2011:

<u>Assets at Fair Value</u>				
<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt Cooperative Agreements	\$ 8,912,968	\$ -	\$ 8,912,968	\$ -
Equity Cooperative Agreements	11,568,599	-	-	11,568,599
	<u>\$ 20,481,567</u>	<u>\$ -</u>	<u>\$ 8,912,968</u>	<u>\$ 11,568,599</u>

Small Business Investment Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 3 - FAIR VALUE MEASUREMENT - CONTINUED

Level 3 Assets Year ended June 30, 2011

	<u>Equity Cooperative Agreements</u>
Balance, beginning of year	\$ 10,836,504
Total gains or losses (realized/unrealized) included in earnings	(995,242)
Operating expenses and management fees	(629,653)
Purchases and settlements, net	<u>2,356,990</u>
Balance, end of year	<u>\$ 11,568,599</u>

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2010:

<u>Assets at Fair Value</u>				
Description	Total	Level 1	Level 2	Level 3
NM LGIP	\$ 14,076	\$ -	\$ 14,076	\$ -
Debt Cooperative Agreements	9,960,408	-	9,960,408	-
Equity Cooperative Agreements	<u>10,836,504</u>	<u>-</u>	<u>-</u>	<u>10,836,504</u>
	<u>\$ 20,810,988</u>	<u>\$ -</u>	<u>\$ 9,974,484</u>	<u>\$ 10,836,504</u>

	<u>Equity Cooperative Agreements</u>
Balance, beginning of year	\$ 11,867,632
Total gains or losses (realized/unrealized) included in earnings	(2,533,514)
Operating expenses and management fees	(702,731)
Purchases and settlements, net	<u>2,205,117</u>
Balance, end of year	<u>\$ 10,836,504</u>

Small Business Investment Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for funding debt or equity investments in accordance with the Act.

Temporarily restricted net assets are restricted for the following purposes:

	<u>2011</u>	<u>2010</u>
Cumulative severance tax permanent fund capital contributions	\$ 47,042,781	\$ 47,042,781
Cumulative expenses in excess of other revenues	<u>(10,324,119)</u>	<u>(8,591,513)</u>
	<u>\$ 36,718,662</u>	<u>\$ 38,451,268</u>

Temporarily restricted net assets were released as follows:

	<u>2011</u>	<u>2010</u>
Satisfaction of purpose restrictions	<u>\$ 1,058,264</u>	<u>\$ 1,090,563</u>

NOTE 5 – STATE INVESTMENT OFFICE COMMITMENT

Prior to July 1, 2007, Section 7-27-5.15 NMSA 1978 required that the State Investment Officer make a commitment to NMSBIC pursuant to the Act to invest three-fourths of one percent of the market value of the severance tax permanent fund. If at any time the commitment fell below that level, further commitments must be made until the invested capital is equal to three-fourths one percent of the market value of the fund. Effective July 1, 2007, the commitment was increased to one percent. However, during fiscal years 2011 and 2010 no funding was received from the State Investment Office due to the net market value of the severance tax permanent fund.

NOTE 6 – INVESTMENTS IN NEW MEXICO ENTITIES

Debt Cooperative Agreements

NMSBIC is party to two Cooperative Agreements with New Mexico non-profit corporations (ACCION and WESST Corp.). Under these agreements, NMSBIC has made capital commitments to provide in revolving funding for loans to be made by these corporations to New Mexico small businesses. For each loan made, these corporations provide 25% of the funding and NMSBIC provides the remaining 75%; the terms, pricing, and size of any loan are subject to the discretion of these corporations. During the years ended June 30, 2011 and 2010, \$73,296 and \$92,658, respectively, of interest income was recognized related to these investments. See supplementary schedules for detail on these agreements.

Small Business Investment Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 6 – INVESTMENTS IN NEW MEXICO ENTITIES - CONTINUED

Debt Cooperative Agreements - Continued

NMSBIC is party to a Cooperative Agreement with a New Mexico non-profit corporation (NMCDFL). Under this agreement, NMSBIC provides a revolving loan to this corporation, which in turn is fully collateralized by pledged loans. During the years ended June 30, 2011 and 2010, \$180,529 and \$146,198 of interest income was recognized related to this investment. See supplementary schedules for detail on these agreements.

Equity Cooperative Agreements

NMSBIC is party to several Subscription Agreements and Limited Partnership Agreements under which it has acquired interests as a limited partner in various limited partnerships. Under these agreements, NMSBIC has made capital contribution commitments to provide funding to these limited partnerships to be used for equity investments made in New Mexico small businesses. See supplementary schedules for detail on these agreements.

NOTE 7 – CAPITAL COMMITMENTS

At June 30, 2011, NMSBIC had committed approximately \$45,105,000 of capital through its various Debt and Equity Agreements, of which approximately \$33,976,000 has been called, leaving a remaining commitment of \$11,129,000. NMSBIC has approximately \$960,000 of cash on hand to immediately handle capital calls and an additional \$14,799,000 in certificates of deposit that are available within 90 days from the end of its fiscal year. NMSBIC's investment policy allows for capital commitments in excess of capital.

SUPPLEMENTARY SCHEDULES

Small Business Investment Corporation

SCHEDULE OF ACTIVITY OF INVESTMENTS IN NEW MEXICO ENTITIES

Year Ended June 30, 2011

	Capital Commitments	Balance as of 6/30/2010	Cumulative Loan Funding, Capital Calls and Redemptions	Provision for Loss	Realized Gain (Loss) on Investments	Investment Valuation Adjustments	Operating Expenses and Management Fees	Balance as of 6/30/2011
Debt cooperative agreements								
1 ACCION	\$ 4,929,864	\$ 2,683,138	\$ (338,075)	\$ 44,785	\$ (221,736)	\$ -	\$ -	\$ 2,168,112
2 NMCDFL	7,500,000	7,180,307	(523,511)	-	-	-	-	6,656,796
3 WESTT CORP	375,000	96,963	(9,677)	774	-	-	-	88,060
	<u>12,804,864</u>	<u>9,960,408</u>	<u>(871,263)</u>	<u>45,559</u>	<u>(221,736)</u>	<u>-</u>	<u>-</u>	<u>8,912,968</u>
Equity cooperative agreements								
1 Flywheel	1,500,000	861,461	135,150	-	(382,223)	(5,117)	(25,127)	584,144
2 NMGF I	7,500,000	1,353,763	-	-	(1,134,260)	-	(176,092)	43,411
3 NMCCF	7,000,000	3,091,168	525,051	-	-	-	(194,112)	3,422,107
4 Verge I	1,800,000	1,290,468	37,527	-	(1,701)	329,781	3,069	1,659,144
5 Verge 1.5	3,000,000	2,047,758	58,570	-	(3,161)	410,415	(2,616)	2,510,966
6 NM Gap Fund I	2,000,000	727,869	911,647	-	(121,091)	(45,921)	(37,390)	1,435,114
7 NMGF II	3,500,000	953,543	89,367	-	(41,964)	-	(32,340)	968,606
8 NM Mezzanine Fund	3,000,000	13,022	315,000	-	-	-	(86,140)	241,882
9 Verge II	3,000,000	497,452	284,680	-	-	-	(78,907)	703,225
	<u>32,300,000</u>	<u>10,836,504</u>	<u>2,356,992</u>	<u>-</u>	<u>(1,684,400)</u>	<u>689,158</u>	<u>(629,655)</u>	<u>11,568,599</u>
	<u>\$ 45,104,864</u>	<u>\$ 20,796,912</u>	<u>\$ 1,485,729</u>	<u>\$ 45,559</u>	<u>\$ (1,906,136)</u>	<u>\$ 689,158</u>	<u>\$ (629,655)</u>	<u>\$ 20,481,567</u>

See Independent Auditors' Report.

Small Business Investment Corporation

SCHEDULE OF ACTIVITY OF INVESTMENTS IN NEW MEXICO ENTITIES

Year Ended June 30, 2010

	Capital Commitments	Balance as of 6/30/2009	Cumulative Loan Funding, Capital Calls and Redemptions	Provision for Loss	Realized Loss on Investments	Investment Valuation Adjustments	Operating Expenses and Management Fees	Balance as of 6/30/2010
Debt cooperative agreements								
1 ACCION	\$ 4,941,416	\$ 3,221,421	\$ (423,539)	\$ 46,808	\$ (161,552)	\$ -	\$ -	\$ 2,683,138
2 NMCDLF	5,500,000	4,838,349	2,341,958	-	-	-	-	7,180,307
3 WESST CORP	375,000	120,480	(15,187)	2,044	(10,374)	-	-	96,963
	<u>10,816,416</u>	<u>8,180,250</u>	<u>1,903,232</u>	<u>48,852</u>	<u>(171,926)</u>	<u>-</u>	<u>-</u>	<u>9,960,408</u>
Equity cooperative agreements								
1 Flywheel	1,500,000	946,571	119,850	-	-	(172,089)	(32,871)	861,461
2 NMGF I	7,500,000	2,515,150	60,938	-	(1,097,218)	(4,309)	(120,798)	1,353,763
3 NMCCF	7,000,000	2,024,928	1,210,645	-	(116,179)	173,696	(201,922)	3,091,168
4 Verge I	1,800,000	1,243,771	90,000	-	-	(14,988)	(28,315)	1,290,468
5 Verge 1.5	3,000,000	1,806,229	225,000	-	-	64,742	(48,213)	2,047,758
6 NM Gap Fund I	1,500,000	878,324	150,000	-	(190,597)	(104,999)	(4,859)	727,869
7 NMGF II	3,500,000	2,034,185	223,684	-	(762,891)	(442,285)	(99,150)	953,543
8 NM Mezzanine Fund	3,000,000	418,474	(450,000)	-	133,603	-	(89,055)	13,022
9 Verge 2	2,500,000	-	575,000	-	-	-	(77,548)	497,452
	<u>31,300,000</u>	<u>11,867,632</u>	<u>2,205,117</u>	<u>-</u>	<u>(2,033,282)</u>	<u>(500,232)</u>	<u>(702,731)</u>	<u>10,836,504</u>
	<u>\$ 42,116,416</u>	<u>\$ 20,047,882</u>	<u>\$ 4,108,349</u>	<u>\$ 48,852</u>	<u>\$ (2,205,208)</u>	<u>\$ (500,232)</u>	<u>\$ (702,731)</u>	<u>\$ 20,796,912</u>

See Independent Auditors' Report.