

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)

Financial Statements
For the Years Ended June 30, 2019 and 2018



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**STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
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JUNE 30, 2019**

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**STATE OF NEW MEXICO
 SAN JUAN COLLEGE FOUNDATION, INC.
 (A COMPONENT UNIT OF SAN JUAN COLLEGE)
 OFFICIAL ROSTER
 JUNE 30, 2019**

<u>Name</u>	<u>Board of Directors</u>	<u>Title</u>
Danny Beyhan		President
Kenneth Leach		Vice President
Kerwin Gober		Treasurer
Kathy Jo Myers		Secretary
Dr. Toni Hopper Pendergrass		Member, SJC President
Gayle Dean		Member, Executive Director
Shane Chance		Member, SJC Board Rep.
Tucker Bayless		Member
Scott Bird		Member
Marjorie Black		Member
Jeff Bourgeois		Member
Dr. Robert Burns		Member
Gwen Clouthier		Member
Shantel Cooper		Member
Gary Frey		Member
Steve Grey		Member
Jeff Howle		Member
Brandon Jakino		Member
Chad King		Member
Rhonda Ledford		Member
Joshua Payne		Member
Len Scalzi		Member
Mark Stockham		Member
Beverly Taylor		Member
Arvin Trujillo		Member
Valerie Uselman		Member

	<u>Administrative Officials</u>	
Gayle Dean		Executive Director
Lowell Parrish		Fund Accountant and Database Administrator

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INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq
New Mexico State Auditor
To the Board of Directors
San Juan College Foundation, Inc.
Farmington, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the San Juan College Foundation, Inc. (the "Foundation") (a nonprofit organization and component unit of San Juan College), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the Foundation as of and for the year ended June 30, 2018 were audited by other auditors whose report dated October 29, 2018, expressed an unmodified opinion on those statements.

Emphasis of Matters

As discussed in Note 1, the financial statements of the Foundation are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of its business-type activities that are attributable to the transactions of the Foundation. They do not purport to, and do not, present fairly the financial position of San Juan College as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. The Foundation's financial statements are included in the financial statements of San Juan College.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information and supporting schedule as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying supplementary information and supporting schedule as listed in the table of contents are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 supplementary information and supporting schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC
Albuquerque, New Mexico
October 30, 2019

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BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 730,125	\$ 289,775
Investments, fair value	<u>23,371,461</u>	<u>24,191,550</u>
Total current assets	<u>24,101,586</u>	<u>24,481,325</u>
Noncurrent assets		
Restricted cash and cash equivalents	99,114	211,390
Land and buildings, net of accumulated depreciation	2,229,767	2,371,237
Other assets	<u>9,770</u>	<u>14,420</u>
Total noncurrent assets	<u>2,338,651</u>	<u>2,597,047</u>
<i>Total assets</i>	<u><u>\$ 26,440,237</u></u>	<u><u>\$ 27,078,372</u></u>

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

	<u>2019</u>	<u>2018</u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$ 3,567	\$ 1,979
Due to San Juan College	243,437	160,930
Total current liabilities	<u>247,004</u>	<u>162,909</u>
Noncurrent liabilities		
Possible dreams deposits	98,438	211,234
Total noncurrent liabilities	<u>98,438</u>	<u>211,234</u>
<i>Total liabilities</i>	<u>345,442</u>	<u>374,143</u>
Net position		
Net investment in capital assets	2,229,767	2,371,237
Restricted, expendable	1,338,043	1,343,151
Restricted, unexpendable	15,243,746	15,662,453
Unrestricted	7,283,239	7,327,388
Total net position	<u>26,094,795</u>	<u>26,704,229</u>
<i>Total liabilities and net position</i>	<u>\$ 26,440,237</u>	<u>\$ 27,078,372</u>

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

**STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
STATEMENTS OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<i>Operating revenues</i>		
Contributions, net	\$ 875,012	\$ 1,072,995
Noncash Contributions:		
Collectibles and assets	27,405	158,430
Other	88,385	16,378
<i>Total operating revenues</i>	<u>990,802</u>	<u>1,247,803</u>
<i>Operating expenses</i>		
Scholarships	521,016	622,469
College awards, programs, and relations	729,745	886,811
General and administrative	237,801	221,166
Fundraising expenses	161,122	156,079
Depreciation	141,470	141,470
<i>Total operating expenses</i>	<u>1,791,154</u>	<u>2,027,995</u>
<i>Operating (loss) income</i>	(800,352)	(780,192)
<i>Nonoperating revenue (expenses)</i>		
Investment income	616,835	521,548
Realized gain (loss) on investments	(560,059)	473,514
Net unrealized gain (loss) on investments	277,881	1,083,065
Change in value of split-interest agreements	-	(7,944)
Contributions to San Juan College (see note 12)	-	(113,984)
Investment management fees	(143,739)	(151,929)
<i>Total nonoperating revenue (expenses)</i>	<u>190,918</u>	<u>1,804,270</u>
<i>Changes in net position</i>	(609,434)	1,024,078
<i>Net position - beginning of year</i>	<u>26,704,229</u>	<u>25,680,151</u>
<i>Net position - end of year</i>	<u>\$ 26,094,795</u>	<u>\$ 26,704,229</u>

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

STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<i>Cash flows from operating activities:</i>		
Cash received from donors and other sources	\$ 963,397	\$ 1,517,602
Cash paid to College for employee salaries	(329,165)	(314,864)
Cash paid for scholarships, awards, and programs	<u>(1,321,815)</u>	<u>(1,590,772)</u>
<i>Net cash provided (used) by operating activities</i>	<u>(687,583)</u>	<u>(388,034)</u>
<i>Cash flows from investing activities:</i>		
Proceeds from sale of investments	1,000,000	-
Investment income	15,657	827,645
Investment management fees	-	<u>(151,929)</u>
<i>Net cash provided (used) by investing activities</i>	<u>1,015,657</u>	<u>675,716</u>
<i>Cash flows from noncapital financing activities:</i>		
Cash paid to College for special projects	-	<u>(113,984)</u>
<i>Net cash provided (used) by noncapital financing activities</i>	<u>-</u>	<u>(113,984)</u>
<i>Net increase in cash and cash equivalents</i>	328,074	173,698
<i>Cash and cash equivalents - beginning of year</i>	<u>501,165</u>	<u>327,467</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 829,239</u>	<u>\$ 501,165</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>		
Operating income (loss)	\$ (800,352)	\$ (780,192)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	141,470	141,470
Changes in assets and liabilities:		
Promises to give	-	205,000
Beneficial interest in remainder trusts	-	76,078
Accounts payable	1,588	(2,532)
Due to San Juan College	82,507	(16,579)
Conditional refundable advance and possible dreams deposit	<u>(112,796)</u>	<u>(11,279)</u>
<i>Net cash provided (used) by operating activities</i>	<u>\$ (687,583)</u>	<u>\$ (388,034)</u>

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

STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1. Summary of Significant Accounting Policies

Nature of Organization

San Juan College Foundation, Inc. ("Foundation") is a legally separate, tax-exempt component unit of San Juan College ("College"). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The thirty-member board of the Foundation consists of graduates and friends of the Foundation. Although the College does not control the timing or amount of receipts from the Foundation, the majority of its resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can be used by, or for the benefit of, the College only, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

As a component unit of the College, the Foundation presents its financial statements in accordance with accounting standards generally accepted in the United States as established by the Governmental Accounting Standards Board (GASB).

The significant accounting policies utilized by the Foundation in the preparation of the financial statements are described below.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments, including demand deposits and short-term money market mutual fund investments, with maturities of three months or less from the date of acquisition to be cash equivalents.

Promises to Give

Contributions and promises to give are recognized as revenues when received or pledged. If there are no time or donor restrictions placed on these contributions and promises to give, the revenue is reflected as an increase in unrestricted net position; however, if such restrictions do exist, the revenue is classified as restricted expendable or restricted unexpendable, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of activities as net position released from restrictions. The carrying amount of unconditional promises to give to be received in less than one year approximate the fair value because of the short maturity of those financial instruments. All promises to give expected to be received in more than one year are computed using the present value technique applied to anticipated cash flows.

Allowance for Doubtful Accounts

Generally accepted accounting principles (GAAP) include the use of the valuation method for estimating the allowance for doubtful accounts. The Foundation uses the direct write-off method in recognizing uncollectible pledges receivable. Under this method, pledges are charged to operations when they are deemed by management to be uncollectible. The Foundation's use of the direct write-off method does not result in a material change to the financial statements in comparison to the valuation method.

STATE OF NEW MEXICO
 SAN JUAN COLLEGE FOUNDATION, INC.
 (A COMPONENT UNIT OF SAN JUAN COLLEGE)
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

Investments

Investments consist primarily of money market mutual funds, bond mutual funds and marketable securities. Marketable securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at amortized cost, which approximates fair value. The change in fair value is reported in the investment income in the Statement of Revenues, Expenses, and Changes in Net Position. The Foundation also currently holds investments in precious metals that were received from a donor. The precious metals are reported at fair value on the Statement of Net Position. The change in fair value of the precious metals are reported in the investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

Property and Equipment

The Foundation follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Depreciation is computed on a straight-line basis over the following estimated useful lives of the assets:

	<u>Years</u>
Building.....	25
Improvements.....	10-25
Equipment, furniture and fixtures.....	5-7

Maintenance, repairs and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

Possible Dreams Deposits

The Foundation created a program named Possible Dreams, whereby all eighth-grade students in San Juan County are invited to deposit in a college fund to save for tuition when they graduate from high school. The participants receive a refund less a service charge of \$50 if they drop out of the program.

The Foundation is liable for a maximum of \$360 in tuition to San Juan College if the student meets certain requirements. Possible Dreams deposits are classified as deposits held in trust for financial statement purposes. During the years ended June 30, 2019 and June 30, 2018, the Foundation paid \$1,476 and \$0, respectively, in scholarship matching funds to the College for students who met program criteria.

Classification of Revenues

The Foundation has classified its revenues as either operating or non-operating according to the following criteria:

- *Operating Revenues:* Operating revenues include activities that have the characteristics of exchange transactions such as unrestricted gifts. Revenue on contracts and grants are recognized to the extent that the underlying exchange transaction has occurred.
- *Non-Operating Revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions, investment income and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9 *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34, such as investment income. Gifts and contributions are recognized when all applicable eligibility requirements have been met.

STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their estimated fair value in the period received.

When both restricted and unrestricted resources are available for use, generally it is the Foundation's policy to use the restricted resources first.

Contributed Facilities and Services

Contributed facilities and services represent the estimated fair rental value of office space and general corporate services provided. Contributed facilities are provided on a month-to-month basis. Contributed facilities and services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services are recorded as in-kind expense, and are included with the general and administrative expenses in the accompanying financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. Actual results could differ from those estimates. Significant estimates of the Foundation include accumulated depreciation and allowance for promises to give not considered collectible.

Income Taxes

The Foundation is a nonprofit organization as described as a public charity under Section 509(a)(3) of the Internal Revenue Code and is exempt from federal and state income taxes under Section 501(c)(3). The Foundation had no material unrelated business income during fiscal years 2017 and 2016; therefore, no provision for income taxes is included in the financial statements.

Net Position

The Foundation reports information regarding its financial position and activities according to the following classifications:

1. Net investment in capital assets – represents the Foundation's total capital assets.
2. Restricted expendable – represents resources that the Foundation is legally or contractually obligated to spend in accordance with imposed restrictions by third parties, such as donors.
3. Restricted unexpendable – represents those operating funds on which external restrictions have been imposed that limit the purpose for which such funds can be used.
4. Unrestricted net position – represents resources whose use is not limited or restricted by donors. Unrestricted net position has risen from exchange transactions and receipt of unrestricted contributions.

STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1. Summary of Significant Accounting Policies (continued)

New Accounting Standards Adopted

During the year ended June 30, 2019, the Foundation adopted GASB Statements No. 83, *Certain Asset Retirement Obligations*, No. 84, *Fiduciary Activities*, No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* as required by GAAP. The implementation of these standards did not have a significant impact on the Foundation because the activities and financial reporting of the Foundation were not materially affected by the statements.

NOTE 2. Deposits and Investments

The Foundation's cash accounts are held in demand checking accounts at two institutions with carrying amounts totaling \$829,239 and \$737,335 at June 30, 2019 and 2018, respectively.

Concentration of Credit Risk - Cash

The Foundation maintains deposits in two financial institutions located in Farmington, New Mexico. All of the Foundation's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for demand deposit accounts. As of June 30, 2019 and 2018, the Foundation's uninsured cash deposits totals were \$483,540 and \$275,175, respectively.

<u>2019</u>	<u>Wells Fargo</u>	<u>Citizens Bank</u>	<u>Total</u>
Amount of deposits	\$ 99,135	\$ 733,540	\$ 832,675
FDIC Coverage	(99,135)	(250,000)	(349,135)
Total uninsured funds	-	483,540	483,540
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Foundation's name	-	-	-
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 483,540</u>	<u>\$ 483,540</u>
<u>2018</u>			
Amount of deposits	\$ 211,390	\$ 525,175	\$ 736,565
FDIC Coverage	(211,390)	(250,000)	(461,390)
Total uninsured funds	-	275,175	275,175
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Foundation's name	-	-	-
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 275,175</u>	<u>\$ 275,175</u>

STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2. Deposits and Investments (continued)

Investments

The investment policy allows the Foundation to invest its portfolio in equities, fixed-income, alternative investments, and other investment strategies to maintain sufficient liquidity to meet projected distribution requirements.

Summary of Investments

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
CDs & Money Markets	\$ 299,567	\$ 407,342
Equities	19,359,262	18,662,887
Fixed Income - Gov. & Corp.	3,471,220	4,978,724
Other	<u>241,412</u>	<u>142,597</u>
Total Investments	<u>\$ 23,371,461</u>	<u>\$ 24,191,550</u>

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All custodians of the investments of the Foundations are members of Securities Investor Protection Corporation (SIPC) and the securities are protected up to \$500,000.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation’s investment in a single stock or security. Investments in any one stock or security that represent 5% or more of total investments are considered to be exposed to concentrated credit risks and are required to be disclosed. Investments issued and explicitly guaranteed by the U.S. government and investments in certificates of deposits and money market fund investments are excluded from this requirement. There were no investments in any single stock or security that represent 5% or more of the total investments of the Foundation at June 30, 2019 or June 30, 2018.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation does not have a policy on investment credit risk. At June 30, 2019 and June 30, 2018, the Foundation’s bond and money market mutual funds are subject to credit risk, however, they are unrated.

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation does not have a policy to limit its exposure to interest rate risk. At June 30, 2019 and June 30, 2018, Foundation’s bond mutual funds are subject to interest rate risk; however, they are all unrated.

STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2. Deposits and Investments (continued)

Investment Income

Components of investment return were as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Investment Income	\$ 616,835	\$ 521,548
Realized gain (loss) on investments	(560,059)	473,514
Net unrealized gain on investments	<u>277,881</u>	<u>1,083,065</u>
Total Investment Income	<u>\$ 334,657</u>	<u>\$ 2,078,127</u>

Maturity rates consist of the following as of June 30, 2019:

Investment Type	Investment Maturities				
	Fair Value	Not subject to		1-5 Years	5+ Years
		Interest Rate	Less than 1		
		Risk	Year		
CDs & Money Markets	\$ 299,567	\$ 299,567	\$ -	\$ -	\$ -
Equities	19,359,262	19,359,262	-	-	-
Fixed Income - Gov. & Corp.	3,471,220	3,438,461	12,227	20,532	-
Other	241,412	241,412	-	-	-
Total Investments	<u>\$ 23,371,461</u>	<u>\$ 23,338,702</u>	<u>\$ 12,227</u>	<u>\$ 20,532</u>	<u>\$ -</u>

Investment Type	Investment Maturities				
	Fair Value	Not subject to		1-5 Years	5+ Years
		Interest Rate	Less than 1		
		Risk	Year		
CDs & Money Markets	\$ 407,342	\$ 407,342	\$ -	\$ -	\$ -
Equities	18,662,887	18,662,887	-	-	-
Fixed Income - Gov. & Corp.	4,978,724	4,940,769	5,139	32,816	-
Other	142,597	142,597	-	-	-
Total Investments	<u>\$ 24,191,550</u>	<u>\$ 24,153,595</u>	<u>\$ 5,139</u>	<u>\$ 32,816</u>	<u>\$ -</u>

STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 3. Fair Value Measurements

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation 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

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. See above for discussion of valuation methodologies used to measure fair value of investments.

Money Markets, Equities, Fixed Income Securities, and Alternative Investments are valued at the daily closing price as reported by the fund. These investments held by the Foundation are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded. A portion of the Foundation's investment with the New Mexico State Investment Council is listed as Level 2 as the investments are held within a comingled fund.

Silver is valued at fair market value using the daily closing spot price at June 30, 2019 per the ICE Benchmark Administration and the London Bullion Market Association.

The valuation methodologies 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 the Foundation 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.

**STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3. Fair Value Measurements (continued)

The Foundation maintained a balance of \$23,371,461 in investments at June 30, 2019, which required fair value disclosure. The following table sets forth by level within the fair value hierarchy of the Foundation's assets at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
CDs/Money Markets	\$ 299,567	\$ -	\$ -	\$ 299,567
Equities	19,359,262	-	-	19,359,262
Fixed Income - Gov. & Corp.	1,226,196	2,245,024	-	3,471,220
Other/Alternative Investments	<u>241,412</u>	<u>-</u>	<u>-</u>	<u>241,412</u>
Total Investments	<u>\$ 21,126,437</u>	<u>\$ 2,245,024</u>	<u>\$ -</u>	<u>\$ 23,371,461</u>

The Foundation maintained a balance of \$24,191,550 in investments at June 30, 2018, which required fair value disclosure. The following table sets forth by level within the fair value hierarchy of the Foundation's assets at fair value as of June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
CDs/Money Markets	\$ 407,342	\$ -	\$ -	\$ 407,342
Equities	18,662,887	-	-	18,662,887
Fixed Income - Gov. & Corp.	2,570,799	2,407,925	-	4,978,724
Other/Alternative Investments	<u>142,597</u>	<u>-</u>	<u>-</u>	<u>142,597</u>
Total Investments	<u>\$ 21,783,625</u>	<u>\$ 2,407,925</u>	<u>\$ -</u>	<u>\$ 24,191,550</u>

NOTE 4. Beneficial Interest in Remainder Trusts

The Foundation maintained a beneficial interest in remainder trusts as of June 30, 2017. The fair market value of the interests as of June 30, 2017 was \$76,078. The beneficial interests were held at a brokerage house in prior years. During the year ended June 30, 2018 the Trust was converted to investments upon the occurrence of the triggering events in the trust documents and the Foundation received \$73,932 in investments as a final distribution.

STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5. Capital Assets

Capital assets consists of the following at June 30, 2019:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Capital assets not being depreciated:				
Land	\$ 1,130,945	\$ -	\$ -	\$ 1,130,945
Total capital assets not being depreciated	<u>1,130,945</u>	<u>-</u>	<u>-</u>	<u>1,130,945</u>
Capital assets being depreciated:				
Buildings	3,786,752	-	-	3,786,752
Total assets depreciated	<u>3,786,752</u>	<u>-</u>	<u>-</u>	<u>3,786,752</u>
Total capital assets	4,917,697	-	-	4,917,697
Less accumulated depreciation for:				
Buildings	2,546,460	141,470	-	2,687,930
Total accumulated depreciation	<u>2,546,460</u>	<u>141,470</u>	<u>-</u>	<u>2,687,930</u>
Capital assets, net	<u>\$ 2,371,237</u>	<u>\$(141,470)</u>	<u>\$ -</u>	<u>\$ 2,229,767</u>

Depreciation expense for the year ended June 30, 2019 was \$141,470.

STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5. Capital Assets (continued)

Capital assets consists of the following at June 30, 2018:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Capital assets not being depreciated:				
Land	\$ 1,130,945	\$ -	\$ -	\$ 1,130,945
Total capital assets not being depreciated	<u>1,130,945</u>	<u>-</u>	<u>-</u>	<u>1,130,945</u>
Capital assets being depreciated:				
Buildings	3,786,752	-	-	3,786,752
Total assets depreciated	<u>3,786,752</u>	<u>-</u>	<u>-</u>	<u>3,786,752</u>
Total capital assets	4,917,697	-	-	4,917,697
Less accumulated depreciation for:				
Buildings	2,404,990	141,470	-	2,546,460
Total accumulated depreciation	<u>2,404,990</u>	<u>141,470</u>	<u>-</u>	<u>2,546,460</u>
Capital assets, net	<u>\$ 2,512,707</u>	<u>\$(141,470)</u>	<u>\$ -</u>	<u>\$ 2,371,237</u>

Depreciation expense for the year ended June 30, 2018 was \$141,470.

NOTE 6. Non-Gift Revenue

San Juan College, principally through its Development Office, provides services for the administration of the Foundation in the form of personnel, equipment, and supplies to the Foundation. During the years ended June 30, 2019 and June 30, 2018, the financial statements included contributed services and corresponding general and administrative services expense of \$337,913 and \$321,955, respectively. Contributed services during the years ended June 30, 2019 and June 30, 2018 were reimbursed to the College through cash payments totaling \$337,913 and \$321,955, respectively.

NOTE 7. Trust Agreements

In 1986, a trust fund was established for the Roy G. Dalpra Scholarship Fund held by Citizens Bank as Trustee. The market value of the assets of the Trust approximated \$881,900 and \$845,596 as of June 30, 2019 and June 30, 2018, respectively. The Trustee has sole uncontrolled discretion regarding the distribution of the Trust funds to the Foundation. Distributions from the Trust are recorded as income in the year received and the assets are not included in the Statement of Net Position. The Foundation received \$0 and \$77,846 in distributions from the trust during the years ending June 30, 2019 and June 30, 2018, respectively.

**STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 7. Trust Agreements (continued)

In 2002, an individual established a charitable remainder unitrust agreement, and the Foundation was named as primary beneficiary under the trust administered by an investment company. The trust is an irrevocable trust. The assets of the trust were included in the Statement of Net Position as a beneficial interest in remainder trust as of June 30, 2017 in the amount of \$76,078. The Foundation received a final distribution from this trust totaling \$73,932 during the year ended June 30, 2018.

In 2006, an individual established a second charitable remainder unitrust agreement, and the Foundation was named as the current primary beneficiary under the trust administered by a trust company. The trust is an irrevocable trust, but includes the power to designate additional or substitute charitable remainder, during the lifetime of the individual establishing the trust. The market value of the assets of the trust approximated \$506,626 and \$509,259 as of June 30, 2019 and June 30, 2018, respectively. The trustee retains sole authority to invest and manage the trust assets and is required to distribute to the Foundation, not less than \$30,000 each year, as the individual who established the trust passed away in December 2012. The assets of the trust are not included in the Statement of Net Position. The Foundation received \$30,000 in distributions from the trust during both the years ending June 30, 2019 and June 30, 2018.

NOTE 8. Donated Land and Buildings

During the year ended June 30, 2001, a company gifted real property to the Foundation. The Foundation accepted the real property as a part of the permanent assets of the Foundation. The land and buildings were valued at \$4,300,000 based on an independent appraisal. The Foundation entered into an agreement allowing San Juan College to use the land and buildings at no cost.

NOTE 9. Net Position

Restricted expendable net position of the Foundation is comprised of the following:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Awards	\$ -	\$ 500
Art Gallery Support	5,200	5,623
Capital Improvements	500,000	265,346
College Programs	595,136	804,208
Scholarships	177,520	205,242
Partial Endowments	<u>60,187</u>	<u>62,232</u>
Totals	<u>\$ 1,338,043</u>	<u>\$ 1,343,151</u>

STATE OF NEW MEXICO
 SAN JUAN COLLEGE FOUNDATION, INC.
 (A COMPONENT UNIT OF SAN JUAN COLLEGE)
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018

NOTE 9. Net Position (continued)

Restricted unexpendable net position of the Foundation is comprised of the following:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
College Programs	\$ 1,231,807	\$ 1,264,731
DT Chairs	1,638,911	1,647,294
Faculty Awards	126,802	128,889
Library Support	885,143	923,478
Scholarships	10,074,839	10,374,719
Staff Award	79,376	79,367
Student Awards	87,345	88,300
Student Support	144,726	144,224
Title III	974,797	1,011,451
	<u> </u>	<u> </u>
Totals	<u>\$ 15,243,746</u>	<u>\$ 15,662,453</u>

NOTE 10. Budgetary Information

An internal budget is prepared by management and approved by the Board of Directors. Actual expenditures may not exceed budgeted expenditures in total. This budget is used as a guide to control expenditures during the year.

For the year ended June 30, 2019, total budgeted expenditures exceeded total actual expenditures as follows:

	<u>Total Budget</u>	<u>Total Expenditures</u>	<u>Over (Under) Budget</u>
San Juan College Foundation	\$ 2,251,400	\$ 1,907,691	\$ (343,709)

For the year ended June 30, 2018, total budgeted expenditures exceeded total actual expenditures as follows:

	<u>Total Budget</u>	<u>Total Expenditures</u>	<u>Over (Under) Budget</u>
San Juan College Foundation	\$ 2,329,290	\$ 2,293,217	\$ (36,073)

**STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 11. Promises to Give

In the year ended June 30, 2013 the Foundation held a campaign to raise funds for the School of Energy. The promises to give for this initiative totaled \$1,825,000 at June 30, 2013 and an additional \$425,000 was pledged during the year ending June 30, 2014 to bring the total for this initiative at June 30, 2014 to \$2,250,000. Collections to date on this initiative have totaled \$2,250,000. The final amount received as part of this initiative was \$205,000 during the year ended June 30, 2018.

NOTE 12. Contributions to San Juan College

As mentioned in Note 11, since the year ended June 30, 2013, the Foundation has received various contributions of funds to aid San Juan College in the construction of the School of Energy. During the year ended June 30, 2018, the Foundation made payments to the College, on a reimbursement basis, for the College's construction costs of the School of Energy, and payments for the ongoing maintenance support for the College's Sherman Dugan Museum of Geology. On the Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2019, these payments totaled \$0. On the 2019 Statement of Cash Flows this amount is shown as \$0 paid as a non-capital financing activity. On the Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2018, these payments totaled \$113,984. On the 2018 Statement of Cash Flows this amount is shown as \$113,984 paid as a non-capital financing activity.

NOTE 13. Income Tax Matters

The Internal Revenue Service has not examined any of the Form 990 tax returns. However, the Foundation's tax returns for 2017, 2016 and 2015 are subject to examination by the IRS, generally, for three years after they were filed. The Foundation recognizes tax benefits only to the extent the Foundation believes it is "more likely than not" that its tax position will be sustained upon IRS examination.

NOTE 14. Risk Management

The Foundation is physically housed within the College and the College provides office space, personnel, utilities, and general operating expenses to the Foundation. The Foundation's exposure to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omission, injuries to employees, and natural disasters fall within the College's insurance coverage. The Foundation procures its own insurance coverage for risk of loss of the 30th St. building, employee theft, vehicle, liability, and Directors & Officers liability. Risk of loss to the facilities the Foundation occupy on the College campus is on the College's insurance coverage.

NOTE 15. Line of Credit

During fiscal year 2019, the Foundation entered into an agreement with a financial institution to establish a revolving line of credit. The revolving line of credit agreement allows the Foundation to draw against a credit line of \$1,000,000 and is due on demand. The agreement includes a variable interest rate at 3.9%. The line of credit is secured by a total pledged collateral of \$1,533,153 as of June 30, 2019. The Foundation had no amounts outstanding on the line of credit as of June 30, 2019.

Interest paid during fiscal year 2019 was \$3,509.

**STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 16. Subsequent Events

The Foundation has evaluated events subsequent to June 30, 2019 that would possibly require adjustment or disclosure in these financial statements, through October 30, 2019, the date that these financial statements were available to be issued. No events have occurred subsequent to June 30, 2019 that would require adjustment or modification to the contents of these statements.

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SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
General and Administrative Expenses		
Salaries and benefits	\$ 329,165	\$ 314,864
Computer expenses	8,857	6,709
Travel	7,949	6,293
Interest Expense	3,509	-
Newsletters	3,500	3,500
Promotional expenses	2,868	5,450
Printing	2,672	2,507
Conferences & Training	2,055	-
Telephone	1,355	1,646
Postage	1,350	1,341
Membership dues	1,157	1,452
Office supplies	776	675
Taxes	538	511
Miscellaneous	458	602
Publications	-	146
Transfers to fundraising expenses	<u>(128,408)</u>	<u>(124,530)</u>
Total general and administrative expenses	<u>\$ 237,801</u>	<u>\$ 221,166</u>

See independent auditors' report.

STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
SCHEDULE OF BUDGET COMPARISON
FOR THE YEAR ENDED JUNE 30, 2019

	Annual Budgeted Amount (GAAP BASIS)	Actual Amounts	Variance with Final Budget- Positive (Negative)
<i>Revenues</i>			
Cash (or Equivalent) Contribution Revenues			
Contributions - Unrestricted	\$ 300,000	\$ 62,916	\$ (237,084)
Contributions - Restricted	550,000	765,202	215,202
Contributions - Endowment	200,000	46,893	(153,107)
Campaign Contributions	-	-	-
<i>Total cash (or equivalents) Contributions Revenues</i>	<u>1,050,000</u>	<u>875,011</u>	<u>(174,989)</u>
In Kind Contributions - Personal Property	-	27,405	27,405
<i>Total Contributions Revenues</i>	<u>1,050,000</u>	<u>902,416</u>	<u>(147,584)</u>
Investment Income	690,900	56,776	(634,124)
Unrealized FMV Gain/(Loss) on Investments	752,100	277,881	(474,219)
In Kind College Support	340,772	337,913	(2,859)
Support Reimbursed to SJC	(340,772)	(337,913)	2,859
Other Income	15,000	88,385	73,385
NPV Change/Split Interest Trusts	-	-	-
<i>Total revenues</i>	<u>2,508,000</u>	<u>1,325,458</u>	<u>(1,182,542)</u>

See independent auditors' report.

STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
SCHEDULE OF BUDGET COMPARISON
FOR THE YEAR ENDED JUNE 30, 2019

	Annual Budgeted Amount (GAAP BASIS)	Actual Amounts	Variance with Final Budget- Positive (Negative)
<i>Expenses</i>			
Awards	\$ 93,000	\$ 74,637	\$ 18,363
Bank Fees	2,000	1,521	479
Bond & Insurance	7,000	7,378	(378)
Capital Improvement Projects	60,000	-	60,000
College Programs	661,500	578,478	83,022
College Relations	45,000	49,429	(4,429)
Computer Supplies/Expenses	8,500	8,857	(357)
Conferences and Training	1,000	2,055	(1,055)
Depreciation	141,500	141,470	30
Fund Raising - Direct	27,000	25,336	1,664
Interest Expense	-	3,509	(3,509)
Investment Fees	159,400	142,218	17,182
Membership Dues	2,000	1,157	843
Miscellaneous	1,200	458	742
Newsletters	3,500	3,500	-
Office Supplies	1,000	776	224
Postage	1,500	1,350	150
Printing	4,500	2,672	1,828
Professional Fees	3,500	-	3,500
Promotions	5,000	2,868	2,132
Publications	400	-	400
Salaries	336,600	329,163	7,437
Scholarships	677,000	521,018	155,982
Taxes	1,100	538	562
Telephone	1,700	1,355	345
Travel & Lodging	6,500	7,949	(1,449)
<i>Total budgeted expenses</i>	<u>2,251,400</u>	<u>1,907,692</u>	<u>343,708</u>
College Programs/In-Kind Transfers	-	27,200	(27,200)
<i>Total non-budgeted expenses</i>	<u>-</u>	<u>27,200</u>	<u>(27,200)</u>
<i>Total expenses</i>	<u>2,251,400</u>	<u>1,934,892</u>	<u>316,508</u>
<i>Excess/(Deficiency) of revenues over expenses</i>	<u>256,600</u>	<u>(609,434)</u>	<u>(1,499,050)</u>

See independent auditors' report.

SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
SCHEDULE OF DEPOSITS AND INVESTMENTS
JUNE 30, 2019

Schedule I

<u>Financial Institution</u>	<u>Account Type</u>	<u>Total</u>
Cash and cash equivalents		
Cash on Hand	Petty Cash	\$ 163
Citizen's Bank	Checking	733,540
Wells Fargo Bank N.A.	Checking	3,056
Wells Fargo Bank N.A.	Checking	621
Wells Fargo Bank N.A.	Savings	95,458
Total cash in banks		<u>832,838</u>
Less: outstanding checks and other adjustments		<u>(3,599)</u>
<i>Reconciled balance June 30, 2019</i>		<u><u>\$ 829,239</u></u>
Reconciliation to financial statements:		
Cash and cash equivalents:		
Statement of net position		\$ 730,125
Restricted cash and cash equivalents:		
Statement of net position		<u>99,114</u>
<i>Cash and cash equivalents per Financial Statements</i>		<u><u>\$ 829,239</u></u>
<u>Investments</u>		
Wells Fargo N.A	Investment-Precious Metals	\$ 135,707
Citizen's Trust and Investment Corp.	Investment-CDs & Money Markets	197,856
Citizen's Trust and Investment Corp.	Investment-Equities	6,133,521
Citizen's Trust and Investment Corp.	Investment-Fixed Income - Gov. & Corp.	557,712
Morgan Stanley	Investment-CDs & Money Markets	207,416
Morgan Stanley	Investment-Equities	4,230,086
Morgan Stanley	Investment-Fixed Income - Gov. & Corp.	668,484
New Mexico State Investment Council	Investment	<u>11,240,679</u>
<i>Investments per Financial Statements</i>		<u><u>\$ 23,371,461</u></u>

See independent auditors' report.

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

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq
New Mexico State Auditor
To the Board of Directors
San Juan College Foundation, Inc.
Farmington, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Juan College Foundation, Inc. (the "Foundation") (a component unit of San Juan College), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated October 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC
Albuquerque, New Mexico
October 30, 2019

**STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None

**STATE OF NEW MEXICO
SAN JUAN COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF SAN JUAN COLLEGE)
OTHER DISCLOSURES
JUNE 30, 2019**

Exit Conference

An exit conference was held on October 24, 2019. In attendance were the following:

Representing San Juan College Foundation, Inc.:

Dr. Toni Pendergrass, Board Member
Danny Beyhan, Board Member, Past President of the Board
Gayle Dean, Executive Director
Lowell, Parrish, SJC Foundation Accountant

Representing Cordova CPAs LLC:

Robert Cordova, CPA – Principal

Auditor Prepared Financial Statements

Cordova CPAs LLC prepared the GAAP-basis financial statements and footnotes of San Juan College Foundation, Inc. from the original books and records asserted by management of San Juan College Foundation, Inc. The responsibility for the financial statements remains with San Juan College Foundation, Inc.