

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**FINANCIAL STATEMENTS**  
**Years Ended**  
**JUNE 30, 2009 and 2008**  
**WITH**  
**INDEPENDENT AUDITORS' REPORT**

THIS PAGE INTENTIONALLY LEFT BLANK

## INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**ANNUAL FINANCIAL REPORT**  
**June 30, 2009 and 2008**

**OFFICIAL ROSTER**

Marjorie Black	President
Beverly Taylor	Vice President
Charles Clouthier	Treasurer
Len Scalzi	Secretary
Tucker Bayless	Member
Norman Benally	Member
Danny Beyhan	Member
Scott Bird	Member
Dr. Robert J. Burns	Member
David Cardiff	Member
Del Craddock	Member
Richard Fraley	Member
Kerwin Gober	Member
Curtis Gurley	Member
Dr. James C. Henderson	Member
Jeff Howle	Member
Russel Huffman	Member
Danny Jaap	Member
Kenneth Leach	Member
Richard Ledbetter	Member
T.Greg Merrion	Member
Jason Sandel	Member
Jacque Sheppeck	Member
Gregory Smith	Member
Jay Steigelman	Member
Mryon Taylor	Member
Jan Tucker	Member
Dr. Carol J. Spencer	Member
Craig Walling	Member
Gayle Dean	Member

THIS PAGE INTENTIONALLY LEFT BLANK

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**ANNUAL FINANCIAL REPORT**  
**June 30, 2009 and 2008**

**TABLE OF CONTENTS**

	<u>Page</u>
Introduction Section:	
Official Roster .....	i
Table of contents.....	iii
Financial Section:	
Independent Auditor's Report .....	3
Financial Statements:	
Statements of Financial Position .....	5
Statement of Activities – Year ended June 30, 2009.....	6
Statement of Activities – Year ended June 30, 2008.....	7
Statements of Cash Flows.....	8
Notes to Financial Statements .....	9
Supplemental Information:	
Schedules of General and Administrative Expenses .....	21
Schedule of Individual Deposits and Investment Accounts .....	22
Government Audit Section:	
Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	27
Schedule of Findings and Responses.....	29
Required Disclosures .....	32

THIS PAGE INTENTIONALLY LEFT BLANK



INDEPENDENT AUDITORS' REPORT

THIS PAGE INTENTIONALLY LEFT BLANK

# KEYSTONE ACCOUNTING, LLC

CERTIFIED PUBLIC ACCOUNTANTS

4601 N Butler, Ste. 8101  
Farmington, NM 87401

[keystone@keystoneacct.com](mailto:keystone@keystoneacct.com)

Telephone (505) 566-1900  
Fax (505) 566-1911

## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor, and  
The Board of Directors of  
San Juan College Foundation, Inc.

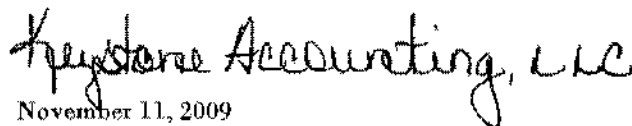
We have audited the accompanying statements of financial position of San Juan College Foundation, Inc. (a nonprofit organization)(a component unit of San Juan College), as of and for the year ended June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on the audit.

We conducted our audits 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 of material misstatements. 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 San Juan College Foundation, Inc. as of June 30, 2009 and 2008, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standard, we have also issued our report dated November 11, 2009 on our consideration of San Juan College Foundation, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is 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 of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming opinions on the basic financial statements. The additional schedules listed as supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
November 11, 2009

THIS PAGE INTENTIONALLY LEFT BLANK

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2009 and 2008**

	June 30,	
	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 258,346	\$ 334,729
Certificates of deposit	247,005	242,374
Pooled investments	6,928,129	10,446,199
Accrued investment income receivable	882	5,293
Unconditional promises to give	325,000	270,000
Land and buildings, net of accumulated depreciation of \$1,273,230 and \$1,131,760	3,644,467	3,785,937
Property held for investment	5,000	5,000
Beneficial interest in remainder trust	2,526,750	3,327,180
	<u>\$ 13,935,579</u>	<u>\$ 18,416,712</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 197,043	\$ 149,447
Possible Dreams deposits	249,224	265,811
	<u>446,267</u>	<u>415,258</u>
Total Liabilities	<u>446,267</u>	<u>415,258</u>
<b>NET ASSETS</b>		
Unrestricted	592,421	2,126,619
Temporarily restricted	3,894,684	4,214,853
Permanently restricted	9,002,207	11,659,982
	<u>13,489,312</u>	<u>18,001,454</u>
Total Net Assets	<u>\$ 13,935,579</u>	<u>\$ 18,416,712</u>

The notes to the financial statements are an integral part of this statement.

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
<b>REVENUES:</b>				
Contributions, net	\$ 713,709	\$ 1,497,847	\$ 111,876	\$ 2,323,432
Noncash contributions:				
Collectibles and assets	-	107,043	-	107,043
Investment income	(297,410)	(1,412)	(791,809)	(1,090,631)
Net unrealized loss on investments	(264,461)	(2,034)	(693,214)	(959,709)
Change in value of split- interest agreements	(32,197)	-	(768,233)	(800,430)
Other	1,261	896	-	2,157
Net assets transferred	211,000	-	(211,000)	-
Net assets released from restrictions	2,227,904	(1,922,509)	(305,395)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	2,559,806	(320,169)	(2,657,775)	(418,138)
<b>EXPENSES:</b>				
Scholarships	483,625	-	-	483,625
Capital Projects	1,900,000	-	-	1,900,000
College awards, programs, and relations	1,136,479	-	-	1,136,479
General and administrative	208,476	-	-	208,476
Investment management fees	85,359	-	-	85,359
Fund raising expenses	138,595	-	-	138,595
Depreciation	141,470	-	-	141,470
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	4,094,004	-	-	4,094,004
<b>EXCESS (DIFFICIENCY) OF REVENUES OVER EXPENSES</b>	(1,534,198)	(320,169)	(2,657,775)	(4,512,142)
<b>NET ASSETS, beginning</b>	<hr/>	<hr/>	<hr/>	<hr/>
	2,126,619	4,214,853	11,659,982	18,001,454
<b>NET ASSETS, ending</b>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 592,421	\$ 3,894,684	\$ 9,002,207	\$ 13,489,312

The notes to the financial statements are an integral part of this statement.

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
<b>REVENUES:</b>				
Contributions, net	\$ 624,110	\$ 1,182,122	\$ 106,190	\$ 1,912,422
Noncash contributions:				
Collectibles and assets	-	80,053	-	80,053
Investment income	155,648	2,598	419,638	577,884
Net unrealized loss on investments	(365,516)	(4,222)	(1,051,007)	(1,420,745)
Change in value of split- interest agreements	(30,141)	-	(286,514)	(316,655)
Other	587	2,824	-	3,411
Net assets transferred	128,100	(13,095)	(115,005)	-
Net assets released from restrictions	1,639,689	(1,360,457)	(279,232)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	2,152,477	(110,177)	(1,205,930)	836,370
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENSES:</b>				
Scholarships	504,084	-	-	504,084
College awards, programs, and relations	1,009,122	-	-	1,009,122
General and administrative	204,397	-	-	204,397
Investment management fees	114,156	-	-	114,156
Fund raising expenses	154,128	-	-	154,128
Depreciation	141,470	-	-	141,470
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	2,127,357	-	-	2,127,357
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXCESS (DIFFICIENCY) OF REVENUES OVER EXPENSES</b>	25,120	(110,177)	(1,205,930)	(1,290,987)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS, beginning</b>	2,101,499	4,325,030	12,865,912	19,292,441
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS, ending</b>	<u>\$ 2,126,619</u>	<u>\$ 4,214,853</u>	<u>\$ 11,659,982</u>	<u>\$ 18,001,454</u>

The notes to the financial statements are an integral part of this statement.

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2009 and 2008**

	<u>Years Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ (4,512,142)	\$ (1,290,987)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	141,470	141,470
Changes in:		
Unconditional promises	(55,000)	(270,000)
Accrued investment income receivable	4,411	2,067
Accounts payable	47,596	(187,651)
Possible Dreams deposits	(16,587)	6,229
Beneficial interest in remainder trusts	800,430	316,655
	<u>                    </u>	<u>                    </u>
Net Cash Provided (Used) By Operating Activities	<u>(3,589,822)</u>	<u>(1,282,217)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property Held For Investment	-	-
Change In Certificate's of Deposit	(4,631)	(9,658)
Change in pooled investments	3,518,070	999,819
	<u>                    </u>	<u>                    </u>
Net Cash Provided By Investing Activities	<u>3,513,439</u>	<u>990,161</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(76,383)</b>	<b>(292,056)</b>
<b>CASH AND CASH EQUIVALENTS, beginning</b>	<u>334,729</u>	<u>626,785</u>
<b>CASH AND CASH EQUIVALENTS, ending</b>	<u><u>\$ 258,346</u></u>	<u><u>\$ 334,729</u></u>

The notes to the financial statements are an integral part of this statement.



**SAN JUAN COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

San Juan College Foundation, Inc. (Foundation) is a legally separate, tax – exempt component 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 resources, or income thereon that the Foundation holds and invests are 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.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Financial Statement Presentation**

The Foundation reports 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) based upon the existence or absence of donor-imposed restrictions.

**Promises To Give Contributions**

Promises to give contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The unconditional promises to give receivables reported in the statements of financial position are considered fully collectible, and therefore no allowance for doubtful accounts has been recorded.

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

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

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**Property and Equipment**

The Organization 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 meet the tuition when they graduate from high school. The participants receive a refund less a service charge of \$25 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.

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

The Foundation is a publicly supported organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Concentration of Credit Risk**

The Foundation maintains deposits in two financial institutions located in Farmington, New Mexico. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 on June 30, 2009 and \$100,000 on June 30, 2008. As of June 30, 2009 and 2008, the Foundation's uninsured cash deposits total was approximately \$38,475 and \$340,180, respectively.

**Fair Value of Financial Instruments**

Unless otherwise indicated, the fair values of all report assets and liabilities which represent financial instruments approximate the carrying value of such amounts.

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

---

**NOTE 2 - POOLED INVESTMENTS**

Pooled investments consist of the following as of June 30, 2009:

	<u>Cost</u>	<u>Market</u>
Investments held by investment managers:		
Certificates of Deposit .....	\$ 90,000	\$ 92,184
Money market accounts .....	360,083	360,083
Equities .....	5,646,034	5,012,252
Fixed income securities .....	<u>1,415,662</u>	<u>1,463,610</u>
Total Pooled Investments .....	<u>\$ 7,511,779</u>	<u>\$ 6,928,129</u>

Pooled investments consist of the following as of June 30, 2008:

	<u>Cost</u>	<u>Market</u>
Investments held by investment managers:		
Certificates of Deposit .....	\$ 155,000	\$ 153,178
Money market accounts .....	382,277	382,277
Equities .....	7,986,050	8,346,347
Fixed income securities .....	<u>1,542,486</u>	<u>1,564,397</u>
Total Pooled Investments .....	<u>\$10,065,813</u>	<u>\$10,446,199</u>

The Foundation investments exposed to interest rate risk are primarily invested in short and intermediate term bonds and bond funds. Maturity rates for Foundation investments are as follows:

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

**NOTE 2 - POOLED INVESTMENTS (continued)**

Maturity rates consist of the following as of June 30, 2009:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Not subject to Interest Rate Risk</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>	<u>5+ Years</u>
Money Market	\$ 360,083	\$ 360,083	\$ -	\$ -	\$ -
Equities	2,477,288	2,477,288	-	-	-
Mutual Funds Equity	2,974,252	2,974,252	-	-	-
Certificate of Deposit	92,184	-	30,257	61,927	-
Corporate Bond	557,388	-	239,171	199,402	118,815
Treasury and Agency	367,645	-	-	276,918	90,727
Asset Back Securities	99,289	-	-	-	99,289
<b>Total Investments</b>	<b>\$ 6,928,129</b>	<b>\$ 5,811,623</b>	<b>\$ 269,428</b>	<b>\$ 538,247</b>	<b>\$ 308,831</b>

Maturity rates consist of the following as of June 30, 2008

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Not subject to Interest Rate Risk</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>	<u>5+ Years</u>
Money Market	\$ 382,277	\$ 382,277	\$ -	\$ -	\$ -
Equities	3,827,024	3,827,024	-	-	-
Mutual Funds Equity	4,481,065	4,481,065	-	-	-
Alternative Investment	1,804	1,804	-	-	-
REIT	36,453	36,453	-	-	-
Certificate of Deposit	153,178	-	29,941	88,717	34,520
Corporate Bond	493,982	-	49,817	282,066	162,099
Treasury and Agency	488,138	-	15,124	192,301	280,713
Mutual Funds - Fixed Income	582,278	-	-	510,160	72,118
<b>Total Investments</b>	<b>\$ 10,446,199</b>	<b>\$ 8,728,623</b>	<b>\$ 94,882</b>	<b>\$ 1,073,244</b>	<b>\$ 549,450</b>

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

---

**NOTE 2 - POOLED INVESTMENTS (continued)**

Credit ratings in investment of debt securities at June 30, 2009 are as follows:

<u>Investment Type</u>	Moody's / <u>S&amp;P</u> <u>Ratings</u>	<u>Fair Value</u>
Corporate Bonds	A1/ A	\$ 61,275
Corporate Bonds	A1/ AA-	25,651
Corporate Bonds	A2/ A	189,752
Corporate Bonds	A3/ A	41,612
Corporate Bonds	A3/ A-	63,207
Corporate Bonds	A3/ BBB+	24,276
Corporate Bonds	Aa2/ AA+	30,905
Corporate Bonds	BA2 / BB	75,834
Corporate Bonds	Baa/ BBB+	44,876
Agency	Aaa/ AAA	144,891
Treasuries	Aaa/ AAA	<u>222,754</u>
Total Rated Investments		<u>\$ 925,033</u>

Credit ratings in investments in debt securities at June 30, 2008 are as follows:

<u>Investment Type</u>	Moody's / <u>S&amp;P</u> <u>Ratings</u>	<u>Fair Value</u>
Corporate Bonds	A1/ A+	\$ 23,978
Corporate Bonds	A2/ A+	25,307
Corporate Bonds	A2/ A	185,595
Corporate Bonds	A3/ A-	26,307
Corporate Bonds	Aa3/ A+	36,503
Corporate Bonds	Aaa/ AAA	31,540
Corporate Bonds	Baa1 / A-	117,977
Corporate Bonds	Baa1/ BBB+	13,744
Corporate Bonds	Baa2/ BBB+	33,003
Agency	Aaa/ AAA	187,279
Treasuries	Aaa/ AAA	<u>215,483</u>
Total Rated Investments		<u>\$ 896,716</u>

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

---

**NOTE 2 - POOLED INVESTMENTS (continued)**

Custodial Credit Risk – Investments

Marketable Securities in the Foundation are valued at fair value. Third party investment managers administer substantially all investment decisions of the Foundation. The equities, fixed income investments and other investments are held by the brokerage firm in a street name. As of June 30, 2009 and 2008, respectively, the foundations investments of \$6,928,129 and \$10,446,199 were exposed to custodial credit risk.

**NOTE 3 – UNCONDITIONAL PROMISES TO GIVE**

Pledges receivable are expected to be fully collectible based on historical collections. Unconditional promises to give are as follows:

	<u>2009</u>	<u>2008</u>
Receivables, less than one year.....	\$ 175,000	\$ 145,000
Receivables, more than one year.....	150,000	125,000
Total unconditional promises to give.....	<u>\$ 325,000</u>	<u>\$ 270,000</u>

**NOTE 4 – BENEFICIAL INTEREST IN REMAINDER TRUSTS**

Beneficial interest in remainder trusts are as follows:

	<u>2009</u>	<u>2008</u>
Beneficial interest in remainder trusts.....	\$6,188,666	\$7,147,367
Less discounts to net present value.....	<u>3,661,916</u>	<u>3,820,187</u>
Net beneficial interest in remainder trusts.....	<u>\$2,526,750</u>	<u>\$3,327,180</u>

Discount rate used on long-term promises to give was approximately 4% as of June 30, 2009 and 2008.

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

---

**NOTE 5 – LAND AND BUILDINGS**

Land and buildings consists of the following:

	<u>2009</u>	<u>2008</u>
Land .....	\$1,130,945	\$1,130,945
Buildings .....	3,786,752	3,786,752
Total .....	<u>4,917,697</u>	<u>4,917,697</u>
Less accumulated depreciation .....	<u>(1,273,230)</u>	<u>(1,131,760)</u>
	<u>\$3,644,467</u>	<u>\$3,785,937</u>

**NOTE 6 - SAN JUAN COLLEGE SUPPORT**

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 year ended June 30, 2009 and 2008, the financial statements included contributed services and corresponding general and administrative services expense of \$253,683 and \$245,835, respectively. Contributed services during the year ended June 30, 2009 and 2008 were reimbursed to the College through cash payments totaling \$253,683 and \$245,835 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 \$664,231 and \$766,237 as of June 30, 2009 and 2008, 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 these financial statements. The Foundation received \$40,000 in distributions from the trust during the year ending June 30, 2009.

In 2000, an individual established a charitable remainder unitrust agreement, and the Foundation was named as primary beneficiary under the trust administered by a trust company. The trust is an irrevocable trust. The assets of the trust are included in the Statement of Financial Position as a beneficial interest in remainder trust in the amount of \$2,266,212.



**SAN JUAN COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

---

**NOTE 7 – TRUST AGREEMENTS (continued)**

In 2001, 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 are included in the Statement of Financial Position as a beneficial interest in remainder trust in the amount of \$192,114.

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 are included in the Statement of Financial Position as a beneficial interest in remainder trust in the amount of \$68,424.

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 remaindermen, during the lifetime of the individual establishing the trust. The market value of the assets of the trust approximated \$423,968 and \$595,626 as of June 30, 2009 and 2008, 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, after the death of the individual establishing the trust. The assets of the trust are not included in the Statement of Financial Position. During the year ended June 30, 2009 there were no distributions received from the trust.

**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.

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009 and 2008**

---

**NOTE 9 – NET ASSETS**

Temporarily restricted net assets are as follows:

	<u>2009</u>	<u>2008</u>
Awards.....	\$ -	\$ 578
Art gallery support.....	1,791	-
Building and land.....	3,026,770	3,168,240
Capital improvements.....	-	200,000
College programs.....	480,833	418,123
Golf tournament scholarships.....	26,000	37,513
Library support.....	-	2,321
Public events support.....	625	3,179
Scholarships.....	283,218	320,914
Scholarships - partially funded endowed...	73,311	61,849
Special projects.....	<u>2,136</u>	<u>2,136</u>
Temporarily Restricted Net Assets .....	<u>\$3,894,684</u>	<u>\$4,214,853</u>

Permanently restricted net assets are as follows:

	<u>2009</u>	<u>2008</u>
Charitable remainder unitrust.....	\$ 2,458,326	\$ 3,226,559
College programs.....	215,385	271,290
Distinguished Teaching Chair Awards.....	769,459	993,126
Faculty Awards.....	75,733	100,562
Library Support.....	678,453	903,974
Mentoring and Tutoring.....	46,648	61,646
Scholarships.....	3,882,772	4,952,761
Staff Awards.....	39,605	52,147
Student Awards.....	50,392	64,914
Student Books.....	85,711	111,048
US Department of Education Title III.....	<u>699,723</u>	<u>921,955</u>
Permanently Restricted Net Assets .....	<u>\$ 9,002,207</u>	<u>\$11,659,982</u>

SUPPLEMENTAL INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES**  
**Years Ended June 30, 2009 and 2008**

	<u>Years Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Bank charges and fees	\$ 2,152	\$ 1,600
Bond and insurance	2,558	2,558
Computer expenses	7,114	5,495
Conferences and training	745	945
Membership dues	3,381	4,333
Miscellaneous	32	94
Newsletters	5,000	5,000
Office supplies	825	916
Postage	1,534	2,259
Printing	2,385	2,612
Professional fees	1,500	385
Promotional expenses	19,479	24,253
Publications	179	239
Salaries and benefits	153,590	143,436
Taxes	641	1,760
Telephone	759	684
Travel	6,602	7,828
	<hr/>	<hr/>
Total	<u>\$ 208,476</u>	<u>\$ 204,397</u>

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**SCHEDULES OF INDIVIDUAL DEPOSITS AND INVESTMENTS ACCOUNTS**  
**Year Ended June 30, 2009**

<u>Financial Institution</u>	<u>Account Type</u>	<u>Investment Type</u>	<u>Amount</u>
Citizens			\$ 29,912
Citizens			229,541
Citizens			63
Wells Fargo			29,953
Wells Fargo			<u>2,000</u>
Total Cash per banks			291,469
Less outstanding checks			<u>(33,123)</u>
Cash and cash equivalents per financial statements			<u>\$ 258,346</u>
Wells Fargo	Investments	Certificate of Deposit	\$ 24,000
Wells Fargo	Investments	Certificate of Deposit	<u>223,005</u>
Certificates of deposits per financial statements			<u>\$ 247,005</u>
Citizens Trust and Inv Corp	Equity	Mutual Funds - Equity	\$ 670,344
Citizens Trust and Inv Corp	Equity	Mutual Funds - Equity	439,287
Citizens Trust and Inv Corp	Investment	Money Market	114,700
Morgan Stanley	Investment	Certificate of Deposit	30,258
Morgan Stanley	Investment	Certificate of Deposit	30,927
Morgan Stanley	Investment	Certificate of Deposit	31,000
Morgan Stanley	Equity	Equity	554,366
Morgan Stanley	Equity	Mutual Funds - Equity	1,157,254
Morgan Stanley	Equity	Mutual Funds - Equity	51,998
Morgan Stanley	Fixed Income	Corporate Bond	75,834
Morgan Stanley	Fixed Income	Corporate Bond	39,928
Morgan Stanley	Investment	Money Market	88,751
Morgan Stanley	Investment	Money Market	30,451
Raymond James	Fixed Income	Asset-Backed Securities	248
Raymond James	Fixed Income	Asset-Backed Securities	31,010
Raymond James	Fixed Income	Asset-Backed Securities	29,606
Raymond James	Fixed Income	Asset-Backed Securities	806
Raymond James	Fixed Income	Asset-Backed Securities	37,619
Raymond James	Fixed Income	Corporate Bond	50,329
Raymond James	Fixed Income	Corporate Bond	45,227
Raymond James	Fixed Income	Corporate Bond	30,905
Raymond James	Fixed Income	Corporate Bond	44,878
Raymond James	Fixed Income	Corporate Bond	35,930
Raymond James	Fixed Income	Corporate Bond	30,040
Raymond James	Fixed Income	Corporate Bond	31,235
Raymond James	Fixed Income	Corporate Bond	26,712
Raymond James	Fixed Income	Corporate Bond	27,557
Raymond James	Fixed Income	Corporate Bond	27,277
Raymond James	Fixed Income	Corporate Bond	25,651

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**SCHEDULES OF INDIVIDUAL DEPOSITS AND INVESTMENTS ACCOUNTS**  
**Year Ended June 30, 2009**

<u>Financial Institution</u>	<u>Account Type</u>	<u>Investment Type</u>	<u>Amount</u>
(continued)			
Raymond James	Fixed Income	Corporate Bond	24,276
Raymond James	Fixed Income	Corporate Bond	41,612
Raymond James	Fixed Income	Treasury and Agency	78,544
Raymond James	Fixed Income	Treasury and Agency	20,722
Raymond James	Fixed Income	Treasury and Agency	50,273
Raymond James	Fixed Income	Treasury and Agency	16,073
Raymond James	Fixed Income	Treasury and Agency	111,305
Raymond James	Fixed Income	Treasury and Agency	55,000
Raymond James	Fixed Income	Treasury and Agency	10,844
Raymond James	Fixed Income	Treasury and Agency	8,972
Raymond James	Fixed Income	Treasury and Agency	15,909
Raymond James	Investment	Money Market	31,245
Raymond James	Equity	Equity	459,495
Raymond James	Investment	Money Market	12,320
Raymond James	Equity	Equity	492,458
Raymond James	Investment	Money Market	10,991
Raymond James	Equity	Equity	415,303
Raymond James	Investment	Money Market	19,448
Raymond James	Equity	Mutual Funds - Equity	644,177
Raymond James	Investment	Money Market	17,812
Raymond James	Equity	Equity	111,285
Raymond James	Investment	Money Market	1,523
Raymond James	Equity	Equity	439,044
Raymond James	Equity	Mutual Funds - Equity	11,191
Raymond James	Investment	Money Market	32,170
Raymond James	Equity	Equity	5,337
Raymond James	Investment	Money Market	672
Total pooled investments			<u>\$ 6,928,129</u>

THIS PAGE INTENTIONALLY LEFT BLANK



**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**

**THIS PAGE INTENTIONALLY LEFT BLANK**

# KEYSTONE ACCOUNTING, LLC

CERTIFIED PUBLIC ACCOUNTANTS

4801 N Butler, Ste. 8101  
Farmington, NM 87401

[keystone@keystoneacct.com](mailto:keystone@keystoneacct.com)

Telephone (505) 566-1900  
Fax (505) 566-1911

---

## 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

Hector H. Balderas, State Auditor, and  
The Board of Directors of  
San Juan College Foundation, Inc.

We have audited the financial statements of San Juan College Foundation, Inc., (a nonprofit organization) (a component of San Juan College), as of and for the year ended June 30, 2009, and have issued our report thereon dated November 11, 2009. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered San Juan College Foundation, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Juan College Foundation, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of San Juan College Foundation, Inc.'s internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects San Juan College Foundation, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the San Juan College Foundation, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by San Juan College Foundation, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by San Juan College Foundation, Inc.'s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

# KEYSTONE ACCOUNTING, LLC

CERTIFIED PUBLIC ACCOUNTANTS

4801 N Butler, Ste. 8101  
Farmington, NM 87401

[keystone@keystoneacct.com](mailto:keystone@keystoneacct.com)

Telephone (505) 566-1900  
Fax (505) 566-1911

---

Hector H. Baldaras, State Auditor, and  
The Board of Directors of  
San Juan College Foundation, Inc

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Juan College Foundation, Inc.'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 disclosed one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the accompanying schedule of findings and responses as item 2009-1.

The San Juan College Foundation, Inc.'s responses to the finding identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the San Juan College Foundation, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the New Mexico State Auditor, New Mexico State Legislature, Higher Education Department, Board of Trustees, management, others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Keystone Accounting, LLC*

November 11, 2009

SAN JUAN COLLEGE FOUNDATION, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2009

---

2009 – 1 LATE AUDIT REPORT

*Condition:* The New Mexico State Auditor required the audit to be completed and submitted to his office by November 15, 2009. The filing date of the completed annual audit is subsequent to the required due date.

*Criteria:* According to the State of New Mexico, Office of the State Auditor publication 2 NMAC 2.2 Requirements for Contracting and Conducting Audits of Agencies, Section 9.1, the filing date for audit reports for San Juan College Foundation, Inc. is November 15th following the end of the fiscal year.

*Effect of condition:* The Foundation is not in compliance with NMAC 2.2.2.9A(1), the effect is that the State is not getting timely information for budgeting information.

*Cause:* The State Auditor rejected the audit report in order to have some errors corrected.

*Recommendation:* The audit should be completed by the required due date.

*Response:* The Foundation submitted the audit report by the required due date, however, it was rejected by the State Auditor's Office on December 8, 2009. The Foundation will ensure future audit reports are submitted early enough to respond to questions from the State Auditor's Office

**THIS PAGE INTENTIONALLY LEFT BLANK**

**REQUIRED DISCLOSURES**

SAN JUAN COLLEGE FOUNDATION, INC.  
REQUIRED DISCLOSURE  
June 30, 2009

---

REQUIRED DISCLOSURE

The financial statements were prepared by the Foundation.

An exit conference was held November 11, 2009, during which the audit was discussed. The exit conference was attended by the following individuals:

San Juan College Foundation  
Gayle Dean, Executive Director  
Majorie Black, President

KEYSTONE ACCOUNTING, LLC

Phil Rasband, CPA