

SAN JUAN COLLEGE FOUNDATION, INC.
FINANCIAL STATEMENTS
Years Ended
June 30, 2011 and 2010
WITH
INDEPENDENT AUDITORS' REPORT

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INTRODUCTORY SECTION

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SAN JUAN COLLEGE FOUNDATION, INC.
ANNUAL FINANCIAL REPORT
June 30, 2011 and 2010

OFFICIAL ROSTER

Marjorie Black	President
Beverly Taylor	Vice President
R. Shane Chance	Member
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
Gayle Dean	Member
Richard Fraley	Member
Kerwin Gober	Member
Curtis Gurley	Member
Dr. James C. Henderson	Member
Jeff Howle	Member
Russell Huffman	Member
Danny Jaap	Member
Chad King	Member
Mike Lacey	Member
Kenneth Leach	Member
Richard Ledbetter	Member
T. Greg Merrion	Member
Joshua D. Payne	Member
Jason Sandel	Member
Gregory Smith	Member
Michael Tacha	Member
Myron Taylor	Member

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SAN JUAN COLLEGE FOUNDATION, INC.
ANNUAL FINANCIAL REPORT
June 30, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

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KEYSTONE ACCOUNTING, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Farmington, NM 87401

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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, 2011 and 2010, 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, 2011 and 2010, 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 October 31, 2011 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.

Keystone Accounting, LLC
October 31, 2011

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SAN JUAN COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

	June 30,	
	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 690,142	\$ 477,170
Certificates of deposit	24,000	24,000
Pooled investments	9,644,865	7,693,890
Accrued investment income receivable	1,501	259
Unconditional promises to give	-	150,000
Land and buildings, net of accumulated depreciation of \$1,556,170 and \$1,414,700	3,361,527	3,502,997
Property held for investment	5,000	5,000
Beneficial interest in remainder trust	2,854,506	2,503,983
	<u>\$ 16,581,541</u>	<u>\$ 14,357,299</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 79,277	\$ 144,645
Possible Dreams deposits	244,772	243,254
	<u>324,049</u>	<u>387,899</u>
NET ASSETS		
Unrestricted	968,071	781,763
Temporarily restricted	3,971,255	3,770,453
Permanently restricted	11,318,166	9,417,184
	<u>16,257,492</u>	<u>13,969,400</u>
	<u>\$ 16,581,541</u>	<u>\$ 14,357,299</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, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
REVENUES:				
Contributions, net	\$ 120,542	\$ 879,730	\$ 246,287	\$ 1,246,559
Noncash contributions:				
Collectibles and assets	-	376,976	-	376,976
Investment income	159,953	6,942	725,791	892,686
Net unrealized gain on investments	212,126	9,142	967,474	1,188,742
Change in value of split- interest agreements	13,131	-	337,392	350,523
Other	1,601	1,617	-	3,218
Net assets transferred	104,751	(48,109)	(56,642)	-
Net assets released from restrictions	1,344,816	(1,025,496)	(319,320)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	1,956,920	200,802	1,900,982	4,058,704
EXPENSES:				
Scholarships	404,543	-	-	404,543
College awards, programs, and relations	781,080	-	-	781,080
General and administrative	186,367	-	-	186,367
Investment management fees	125,619	-	-	125,619
Fund raising expenses	131,533	-	-	131,533
Depreciation	141,470	-	-	141,470
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Total Expenses	1,770,612	-	-	1,770,612
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES				
	186,308	200,802	1,900,982	2,288,092
NET ASSETS, beginning				
	781,763	3,770,453	9,417,184	13,969,400
NET ASSETS, ending				
	<u>\$ 968,071</u>	<u>\$ 3,971,255</u>	<u>\$ 11,318,166</u>	<u>\$ 16,257,492</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, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
REVENUES:				
Contributions, net	\$ 289,339	\$ 811,838	\$ 45,068	\$ 1,146,245
Noncash contributions:				
Collectibles and assets	-	125,151	-	125,151
Investment income	67,434	2,778	322,727	392,939
Net unrealized loss on investments	82,853	2,947	407,419	493,219
Change in value of split- interest agreements	1,729	-	(24,496)	(22,767)
Other	2,495	-	-	2,495
Net assets transferred	162,600	(32,500)	(130,100)	-
Net assets released from restrictions	1,240,086	(1,034,445)	(205,641)	-
Total Revenues	1,846,536	(124,231)	414,977	2,137,282
EXPENSES:				
Scholarships	406,294	-	-	406,294
College awards, programs, and relations	681,905	-	-	681,905
General and administrative	183,863	-	-	183,863
Investment management fees	115,608	-	-	115,608
Fund raising expenses	128,054	-	-	128,054
Depreciation	141,470	-	-	141,470
Total Expenses	1,657,194	-	-	1,657,194
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	189,342	(124,231)	414,977	480,088
NET ASSETS, beginning	592,421	3,894,684	9,002,207	13,489,312
NET ASSETS, ending	\$ 781,763	\$ 3,770,453	\$ 9,417,184	\$ 13,969,400

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, 2011 and 2010

	<u>Years Ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 2,288,092	\$ 480,088
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	150,000	175,000
Accrued investment income receivable	(1,242)	623
Accounts payable	(65,368)	(52,398)
Possible Dreams deposits	1,518	(5,970)
Beneficial interest in remainder trusts	(350,523)	22,767
	<u>2,163,947</u>	<u>761,580</u>
Net Cash Provided (Used) By Operating Activities		
	<u>2,163,947</u>	<u>761,580</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change In Certificate's of Deposit	-	223,005
Change in pooled investments	(1,950,975)	(765,761)
	<u>(1,950,975)</u>	<u>(542,756)</u>
Net Cash Provided (Used) By Investing Activities		
	<u>(1,950,975)</u>	<u>(542,756)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	212,972	218,824
CASH AND CASH EQUIVALENTS, beginning	477,170	258,346
CASH AND CASH EQUIVALENTS, ending	\$ 690,142	\$ 477,170

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

SAN JUAN COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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, 2011 and 2010

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, 2011 and 2010

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 each on June 30, 2011. From December 31, 2010 through December 31, 2012, all FDIC insured institution deposits held in noninterest bearing transaction accounts will be fully insured regardless of the amount. FDIC interest bearing accounts are insured up to \$250,000. As of June 30, 2011 and 2010, the Foundation's uninsured cash deposits total was approximately \$17,785 and \$20,468, respectively.

Fair Value of Financial Instruments

The Organization's financial instruments are reported at fair value as defined by GAAP. Equity securities are valued at the last quoted sales price on the stock exchange. Investments in mutual funds are valued at the mutual fund's closing net asset value per share on the day of valuation. Various inputs are used to determine the value of the Organization's financial instruments. These inputs are summarized in the three broad levels listed below:

Level 1 – Quoted prices in active markets for identical financial instruments

Level 2 – Observable inputs other than level 1 quoted prices

Level 3 – Unobservable inputs

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level. On June 30, 2011 and 2010, all of the Organization's financial instruments were classified as Level 1, based on the inputs used to determine their values.

Subsequent Events

Subsequent events were evaluated through October 31, 2011, which is the date the financial statements were available to be issued.

SAN JUAN COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

NOTE 2 - POOLED INVESTMENTS

Pooled investments consist of the following as of June 30, 2011:

	<u>Cost</u>	<u>Fair Value</u>
Investments held by investment managers:		
Money market accounts	\$ 479,005	\$ 479,005
Equities	6,801,218	7,825,903
Fixed income securities	1,131,910	1,175,718
Other	<u>143,179</u>	<u>164,239</u>
Total Pooled Investments	<u>\$ 8,555,312</u>	<u>\$ 9,644,865</u>

Pooled investments consist of the following as of June 30, 2010:

	<u>Cost</u>	<u>Fair Value</u>
Investments held by investment managers:		
Money market accounts	\$ 372,261	\$ 372,261
Equities	6,753,187	6,623,007
Fixed income securities	522,040	558,623
Other	<u>143,399</u>	<u>139,999</u>
Total Pooled Investments	<u>\$ 7,790,887</u>	<u>\$ 7,693,890</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, 2011 and 2010

NOTE 2 - POOLED INVESTMENTS (continued)

Maturity rates consist of the following as of June 30, 2011:

<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	\$ 479,005	\$ 479,005	\$ -	\$ -	\$ -
Equities	6,253,898	6,253,898	-	-	-
Mutual Funds Equity	1,572,005	1,572,005	-	-	-
Alternative Investment	164,239	164,239	-	-	-
Mutual Funds - Fixed Income	<u>1,175,718</u>	<u>1,175,718</u>	-	-	-
Total Investments	<u>\$ 9,644,865</u>	<u>\$ 9,644,865</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Maturity rates consist of the following as of June 30, 2010

<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	\$ 372,261	\$ 372,261	\$ -	\$ -	\$ -
Equities	4,714,964	4,714,964	-	-	-
Mutual Funds Equity	1,908,043	1,908,043	-	-	-
Alternative Investment	139,999	139,999	-	-	-
Mutual Funds - Fixed Income	<u>558,623</u>	<u>558,623</u>	-	-	-
Total Investments	<u>\$ 7,693,890</u>	<u>\$ 7,693,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Foundation investments at June 30, 2011 and 2010 are currently held in non-debt investments and thus are not subject to credit risk.

SAN JUAN COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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>2011</u>		<u>2010</u>
Receivables, less than one year.....	\$	-	\$ 150,000

NOTE 4 – BENEFICIAL INTEREST IN REMAINDER TRUSTS

Beneficial interest in remainder trusts are as follows:

	<u>2011</u>	<u>2010</u>
Beneficial interest in remainder trusts.....	\$8,063,472	\$6,040,224
Less discounts to net present value.....	<u>5,208,966</u>	<u>3,536,241</u>
Net beneficial interest in remainder trusts.....	<u>\$2,854,506</u>	<u>\$2,503,983</u>

Discount rate used on long-term promises to give was approximately 4% as of June 30, 2011 and 2010.

NOTE 5 – LAND AND BUILDINGS

Land and buildings consists of the following:

	<u>2011</u>	<u>2010</u>
Land	\$1,130,945	\$1,130,945
Buildings	<u>3,786,752</u>	<u>3,786,752</u>
Total	4,917,697	4,917,697
Less accumulated depreciation.....	<u>(1,556,170)</u>	<u>(1,414,700)</u>
	<u>\$3,361,527</u>	<u>\$3,502,997</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, 2011 and 2010, the financial statements included contributed services and corresponding general and administrative services expense of \$247,601 and \$242,252, respectively. Contributed services during the year ended June 30, 2011 and 2010 were reimbursed to the College through cash payments totaling \$247,601 and \$242,252 respectively.

SAN JUAN COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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 \$822,135 and \$721,159 as of June 30, 2011 and 2010, 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 \$25,000 in distributions from the trust during the year ending June 30, 2011.

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 \$2,564,682.

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 \$206,540.

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 \$83,284.

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 \$529,565 and \$451,364 as of June 30, 2011 and 2010, 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, 2011 there were no distributions received from the trust.

SAN JUAN COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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 ASSETS

Temporarily restricted net assets are as follows:

	<u>2011</u>	<u>2010</u>
Awards.....	\$ 125	\$ 6,000
Art gallery support.....	171	171
Building and land.....	2,743,830	2,885,300
College programs.....	815,379	490,773
Public events support.....	1,050	8,217
Scholarships.....	316,166	302,728
Scholarships - partially funded endowed...	92,398	75,128
Special projects.....	<u>2,136</u>	<u>2,136</u>
Temporarily Restricted Net Assets	<u>\$3,971,255</u>	<u>\$3,770,453</u>

Permanently restricted net assets are as follows:

	<u>2011</u>	<u>2010</u>
Charitable remainder unitrust.....	\$ 2,564,682	\$ 2,252,710
College programs.....	269,368	230,768
Distinguished Teaching Chair Awards.....	1,191,923	1,002,769
Faculty Awards.....	93,588	77,670
Library Support.....	822,543	702,911
Mentoring and Tutoring.....	56,084	48,413
Scholarships.....	5,189,474	4,161,748
Staff Awards.....	58,172	40,971
Student Awards.....	62,205	52,475
Student Support.....	109,118	91,285
US Department of Education Title III.....	<u>901,009</u>	<u>755,464</u>
Permanently Restricted Net Assets	<u>\$11,318,166</u>	<u>\$ 9,417,184</u>

SAN JUAN COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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, 2011, total budgeted expenditures did not exceed total expenditures as follows:

San Juan College Foundation	<u>\$ 1,803,385</u>	<u>\$ 1,393,636</u>	<u>\$ 409,749</u>
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NOTE 11 - INCOME TAX MATTERS

The Internal Revenue Service has not examined any of the 990 tax returns. However, the Organization tax returns for 2011, 2010 and 2009 are subject to examination by the IRS, generally, for three years after they were filed. The Organization recognizes tax benefits only to the extent the Organization believes it is “more likely than not” that its tax position will be sustained upon IRS examination.

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SUPPLEMENTAL INFORMATION

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SAN JUAN COLLEGE FOUNDATION, INC.
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
Years Ended June 30, 2011 and 2010

	Years Ended June 30,	
	<u>2011</u>	<u>2010</u>
Bank charges and fees	\$ 1,299	\$ 1,548
Bond and insurance	2,620	2,539
Computer expenses	6,607	5,584
Conferences and training	149	-
Membership dues	3,660	3,590
Miscellaneous	165	92
Newsletters	5,000	5,000
Office supplies	398	384
Postage	1,595	1,341
Printing	1,762	1,147
Promotional expenses	3,870	4,030
Publications	-	125
Salaries and benefits	238,975	237,685
Taxes	1,613	234
Telephone	1,579	813
Travel	4,736	4,616
G & A Allocated to Fundraising	<u>(87,661)</u>	<u>(84,865)</u>
Total	<u>\$ 186,367</u>	<u>\$ 183,863</u>

SAN JUAN COLLEGE FOUNDATION, INC.
SCHEDULE OF INDIVIDUAL DEPOSIT AND INVESTMENT ACCOUNTS
Year Ended June 30, 2011

<u>Financial Institution</u>	<u>Account Type</u>	<u>Investment Type</u>	<u>Amount</u>
Cash on Hand	Petty Cash	Cash	\$ 101
Citizens Bank	Checking	Cash	499,237
Wells Fargo Bank N.A.	Checking	Cash	1,040
Wells Fargo Bank N.A.	Checking	Cash	1,000
Wells Fargo Bank N.A.	Checking	Cash	20,209
Wells Fargo Bank N.A.	Bus. High Yield Savings	Cash	<u>225,616</u>
Total Cash per banks			747,202
Deposits in Transit			-
Less outstanding checks			<u>(57,061)</u>
Cash and cash equivalents per financial statements			<u>\$ 690,141</u>
Wells Fargo Bank N.A.	Time Deposit	Certificate of Deposit	<u>\$ 24,000</u>
Certificates of deposits per financial statements			<u>\$ 24,000</u>
Citizens Trust and Investment Corp	Investment Mgt. Acct.	Money Market	\$ 52,635
Citizens Trust and Investment Corp.	Investment Mgt. Acct.	Mutual Funds - Equity	880,342
Citizens Trust and Investment Corp.	Investment Mgt. Acct.	Mutual Funds - Fixed Income	669,918
MorganStanley SmithBarney	Managed Investment	Money Market	104,660
MorganStanley SmithBarney	Managed Investment	Equity - Common Stocks	2,659,675
Raymond James - Wentworth	Managed Investment	Money Market	45,359
Raymond James - Wentworth	Managed Investment	Equity - Common Stocks	791,124
Raymond James - Unified Managed Freedom Growth	Managed Investment	Money Market	167,792
Raymond James - Unified Managed Freedom Growth	Managed Investment	Equity - Common Stocks	2,765,397
Raymond James - Unified Managed Freedom Growth	Managed Investment	Equity - REITs	31,529
Raymond James - Unified Managed Freedom Growth	Managed Investment	Mutual Funds - Equity	424,688
Raymond James - Unified Managed Freedom Growth	Managed Investment	Alternative	164,239
Raymond James	Managed Investment	Money Market	108,507
Raymond James	Managed Investment	Mutual Funds - Equity	266,975
Raymond James	Managed Investment	Mutual Funds - Fixed Income	505,800
Wells Fargo Advisors	Investment	Cash	52
Wells Fargo Advisors	Investment	Equity - Common Stocks	<u>6,173</u>
Total pooled investments			<u>\$ 9,644,864</u>

**San Juan College Foundation
Budget Comparison Report
Year Ended June 30, 2011**

	<u>Actual YTD Amount</u>	<u>Annual Budgeted Amount</u>	<u>Remaining (Over) Budget Amount</u>
<u>Revenue</u>			
Contributions - Unrestricted	\$ 103,875	\$ 250,000	\$ 146,125
Contributions - Restricted	773,387	638,000	(135,387)
Contributions - Endowment	289,095	200,000	(89,095)
Campaign Contributions	16,667	123,000	106,333
Golf Tournament Contributions	<u>63,535</u>	<u>62,000</u>	<u>(1,535)</u>
Cash (or Equivalents) Contribution Revenue	1,246,559	1,273,000	26,441
In Kind Contributions	<u>376,976</u>	<u>-</u>	<u>(376,976)</u>
All Contribution Revenue	1,623,535	1,273,000	(350,535)
Investment Income	892,686	123,000	(769,686)
Unrealized FMV Gain / (Loss) on Investments	1,188,742	184,800	(1,003,942)
In Kind College Support	247,601	253,807	6,206
Support Reimbursed to SJC	(247,601)	(253,807)	(6,206)
Other Income	3,218	2,000	(1,218)
NPV Change / Split Interest Trusts	<u>350,523</u>	<u>-</u>	<u>(350,523)</u>
Total Revenue	<u>4,058,704</u>	<u>1,582,800</u>	<u>(2,475,904)</u>
<u>Expenses</u>			
Awards	76,571	99,500	22,929
Bank Fees	1,299	1,700	401
Bond & Insurance	2,620	2,700	80
College Programs	306,159	561,000	254,841
College Relations	21,375	26,000	4,625
Computer Supplies / Expenses	6,606	10,000	3,394
Conferences & Training	149	1,000	851
Depreciation	141,470	141,500	30
Fund Raising - Direct	13,871	15,000	1,129
Golf Tournament Expenses	30,001	34,000	3,999
Investment Fees	125,619	121,000	(4,619)
Membership Dues	3,660	3,600	(60)
Miscellaneous	165	400	235
Newsletters	5,000	5,000	-
Office Supplies	398	1,300	902
Postage	1,595	2,500	905
Printing	1,762	2,600	838
Promotions	3,870	4,000	130
Publications	-	150	150
Salaries	238,975	242,000	3,025
Scholarships	404,543	520,000	115,457
Special Projects	-	2,135	2,135
Taxes	1,613	500	(1,113)
Telephone	1,579	1,000	(579)
Travel & Lodging	<u>4,736</u>	<u>4,800</u>	<u>64</u>
Budgeted Expenses	<u>1,393,636</u>	<u>1,803,385</u>	<u>409,749</u>
College Programs / In-Kind Transfers	<u>376,976</u>	<u>-</u>	<u>(376,976)</u>
Non-Budgeted Expenses	<u>376,976</u>	<u>-</u>	<u>(376,976)</u>
Total All Expenses	<u>1,770,612</u>	<u>1,803,385</u>	<u>(32,773)</u>
Excess / (Deficiency) of Revenue over Expenses	<u>\$ 2,288,092</u>	<u>\$ (220,585)</u>	<u>\$ (2,508,677)</u>

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**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**

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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, 2011, and have issued our report thereon dated October 31, 2011. 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 *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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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Hector H. Balderas, 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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 Directors, 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

October 31, 2011

REQUIRED DISCLOSURES

SAN JUAN COLLEGE FOUNDATION, INC.
REQUIRED DISCLOSURE
June 30, 2011

REQUIRED DISCLOSURE

The financial statements were prepared by the Foundation.

An exit conference was held November 2, 2011 during which the audit was discussed. The exit conference was attended by the following individuals:

San Juan College Foundation

Gayle Dean, Executive Director
Marjorie Black, President
Len Scalzi, Secretary

San Juan College

Mike Tacha, President
Dave Eppich, Vice President for Student Services
Dr. Sheryl Hruska, Vice President for Learning
Russell M. Litke, Vice President for Business Services
Dianne Garcia, Associate Vice President for Business Services
R. Shane Chance, Chairman
Karen King, Budget Analyst

KEYSTONE ACCOUNTING, LLC

Phil Rasband, CPA
Rachel Compton, Staff Accountant