

SAN JUAN COLLEGE FOUNDATION, INC.
FINANCIAL STATEMENTS
Years Ended
June 30, 2012 and 2011
WITH
INDEPENDENT AUDITORS' REPORT

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INTRODUCTORY SECTION

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SAN JUAN COLLEGE FOUNDATION, INC.
ANNUAL FINANCIAL REPORT
June 30, 2012 and 2011

OFFICIAL ROSTER

Beverly Taylor	President
Len Scalzi	Vice President
Charles Clouthier	Treasurer
Danny Beyhan	Secretary
Tucker Bayless	Member
Norman Benally	Member
Scott Bird	Member
Marjorie Black	Member
Dr. Robert J. Burns	Member
David Cardiff	Member
R. Shane Chance	Member
Gayle Dean	Member
Richard Fraley	Member
Kerwin Gober	Member
Curtis Gurley	Member
Dr. James C. Henderson	Member
Jeff Howle	Member
Danny Jaap	Member
Chad King	Member
Mike Lacey	Member
Kenneth Leach	Member
Richard Ledbetter	Member
T. Greg Merrion	Member
Joshua D. Payne	Member
Gregory Smith	Member
Myron Taylor	Member

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**SAN JUAN COLLEGE FOUNDATION, INC.
ANNUAL FINANCIAL REPORT
June 30, 2012 and 2011**

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INDEPENDENT AUDITORS' REPORT

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KEYSTONE ACCOUNTING, LLC

CERTIFIED PUBLIC ACCOUNTANTS

4801 N Butler, Ste. 8101
Farmington, NM 87401

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, 2012 and 2011, 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, 2012 and 2011, 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 25, 2012 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 on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 conjunction with this report in assessing the results of our audit.

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Fax (505) 566-1911

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The additional schedules listed as "supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Keystone Accounting, LLC

October 25, 2012

SAN JUAN COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

	June 30,	
	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 389,733	\$ 690,142
Certificates of deposit	24,000	24,000
Pooled investments	9,010,968	9,644,865
Accrued investment income receivable	1,883	1,501
Land and buildings, net of accumulated depreciation of \$1,697,640 and \$1,556,170	3,220,057	3,361,527
Land held for investment	5,000	5,000
Beneficial interest in remainder trust	2,679,328	2,854,506
	<u>\$ 15,330,969</u>	<u>\$ 16,581,541</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 72,650	\$ 79,277
Possible Dreams deposits	259,853	244,772
	<u>332,503</u>	<u>324,049</u>
NET ASSETS		
Unrestricted	892,936	968,071
Temporarily restricted	3,642,261	3,971,255
Permanently restricted	10,463,269	11,318,166
	<u>14,998,466</u>	<u>16,257,492</u>
	<u>\$ 15,330,969</u>	<u>\$ 16,581,541</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, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
REVENUES:				
Contributions, net	\$ 192,101	\$ 634,556	\$ 56,639	\$ 883,296
Noncash contributions:				
Collectibles and assets	180	223,017	-	223,197
Real Estate	194,693	-	-	194,693
Services	6,187	-	-	6,187
Investment income	43,934	900	157,798	202,632
Net unrealized loss on investments	(150,866)	(2,960)	(548,110)	(701,936)
Change in value of split- interest agreements	(15,286)	-	(159,892)	(175,178)
Other	1,392	-	-	1,392
Net assets transferred	87,860	(52,750)	(35,110)	-
Net assets released from restrictions	1,457,979	(1,131,757)	(326,222)	-
Total Revenues	1,818,174	(328,994)	(854,897)	634,283
EXPENSES:				
Scholarships	384,447	-	-	384,447
College awards, programs, and relations	906,654	-	-	906,654
General and administrative	191,630	-	-	191,630
Investment management fees	132,410	-	-	132,410
Fund raising expenses	136,698	-	-	136,698
Depreciation	141,470	-	-	141,470
Total Expenses	1,893,309	-	-	1,893,309
EXCESS (DIFFICIENCY) OF REVENUES OVER EXPENSES	(75,135)	(328,994)	(854,897)	(1,259,026)
NET ASSETS, beginning	968,071	3,971,255	11,318,166	16,257,492
NET ASSETS, ending	\$ 892,936	\$ 3,642,261	\$ 10,463,269	\$ 14,998,466

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)	-
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Total Revenues	1,956,920	200,802	1,900,982	4,058,704
	<hr/>	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DIFFICIENCY) OF REVENUES OVER EXPENSES	186,308	200,802	1,900,982	2,288,092
	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS, beginning	781,763	3,770,453	9,417,184	13,969,400
	<hr/>	<hr/>	<hr/>	<hr/>
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.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

	<u>Years Ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (1,259,026)	\$ 2,288,092
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
Accrued investment income receivable	(382)	(1,242)
Accounts payable	(6,627)	(65,368)
Possible Dreams deposits	15,081	1,518
Beneficial interest in remainder trusts	175,178	(350,523)
	<u> </u>	<u> </u>
Net Cash Provided (Used) By Operating Activities	(934,306)	2,163,947
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in pooled investments	<u>633,897</u>	<u>(1,950,975)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(300,409)	212,972
CASH AND CASH EQUIVALENTS, beginning	<u>690,142</u>	<u>477,170</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 389,733</u></u>	<u><u>\$ 690,142</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, 2012 and 2011

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.

SAN JUAN COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

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, 2012 and 2011

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, 2012. 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, 2012 and 2011, the Foundation's uninsured cash deposits total was approximately \$36,980 and \$17,785, 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, 2012 and 2011, 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 25, 2012, which is the date the financial statements were available to be issued.

SAN JUAN COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 2 - POOLED INVESTMENTS

Pooled investments consist of the following as of June 30, 2012:

	<u>Cost</u>	<u>Fair Value</u>
Investments held by investment managers:		
Money market accounts	\$ 758,499	\$ 758,499
Equities	6,554,991	6,914,100
Fixed income securities	1,165,358	1,189,997
Other	<u>150,076</u>	<u>148,372</u>
Total Pooled Investments	<u>\$ 8,628,924</u>	<u>\$ 9,010,968</u>

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>

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, 2012 and 2011

NOTE 2 - POOLED INVESTMENTS (continued)

Maturity rates consist of the following as of June 30, 2012:

<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	\$ 758,499	\$ 758,499	\$ -	\$ -	\$ -
Equities	5,151,331	5,151,331	-	-	-
Mutual Funds Equity	1,736,339	1,736,339	-	-	-
Alternative Investment	148,372	148,372	-	-	-
Asset Back Securities	26,430	26,430	-	-	-
Mutual Funds - Fixed Income	1,189,997	1,189,997	-	-	-
Total Investments	\$ 9,010,968	\$ 9,010,968	\$ -	\$ -	\$ -

Maturity rates consist of the following as of June 30, 2012

<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	1,175,718	1,175,718	-	-	-
Total Investments	\$ 9,644,865	\$ 9,644,865	\$ -	\$ -	\$ -

The Foundation investments at June 30, 2012 and 2011 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, 2012 and 2011

NOTE 3 – BENEFICIAL INTEREST IN REMAINDER TRUSTS

Beneficial interest in remainder trusts are as follows:

	<u>2012</u>	<u>2011</u>
Beneficial interest in remainder trusts.....	\$7,094,829	\$8,063,472
Less discounts to net present value.....	<u>4,415,501</u>	<u>5,208,966</u>
Net beneficial interest in remainder trusts.....	<u>\$2,679,328</u>	<u>\$2,854,506</u>

Discount rate used on long-term promises to give was approximately 4% as of June 30, 2012 and 2011.

NOTE 4 – LAND AND BUILDINGS

Land and buildings consists of the following:

	<u>2012</u>	<u>2011</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>(1,697,640)</u>	<u>(1,556,170)</u>
	<u>\$3,220,057</u>	<u>\$3,361,527</u>

NOTE 5 - 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, 2012 and 2011, the financial statements included contributed services and corresponding general and administrative services expense of \$248,023 and \$247,601, respectively. Contributed services during the year ended June 30, 2012 and 2011 were reimbursed to the College through cash payments totaling \$241,836 and \$247,601 respectively.

SAN JUAN COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 6 – 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 \$795,635 and \$822,135 as of June 30, 2012 and 2011, 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 \$30,500 in distributions from the trust during the year ending June 30, 2012.

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 \$2,438,228.

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 \$173,102.

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 \$67,998.

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 \$485,783 and \$529,565 as of June 30, 2012 and 2011, 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, 2012 there were no distributions received from the trust.

SAN JUAN COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 7 – 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 8 – NET ASSETS

Temporarily restricted net assets are as follows:

	<u>2012</u>	<u>2011</u>
Awards.....	\$ 175	\$ 125
Art gallery support.....	171	171
Building and land.....	2,602,360	2,743,830
College programs.....	631,066	815,379
Public events support.....	-	1,050
Scholarships.....	345,598	316,166
Scholarships - partially funded endowed...	60,755	92,398
Special projects.....	<u>2,136</u>	<u>2,136</u>
Temporarily Restricted Net Assets	<u>\$3,642,261</u>	<u>\$3,971,255</u>

Permanently restricted net assets are as follows:

	<u>2012</u>	<u>2011</u>
Charitable remainder unitrust.....	\$ 2,438,228	\$ 2,564,682
College programs.....	242,341	269,368
Distinguished Teaching Chair Awards.....	1,088,471	1,191,923
Faculty Awards.....	83,823	93,588
Library Support.....	734,161	822,543
Mentoring and Tutoring.....	50,308	56,084
Scholarships.....	4,797,532	5,189,474
Staff Awards.....	55,400	58,172
Student Awards.....	55,906	62,205
Student Support.....	102,480	109,118
US Department of Education Title III.....	<u>814,619</u>	<u>901,009</u>
Permanently Restricted Net Assets	<u>\$10,463,269</u>	<u>\$11,318,166</u>

SAN JUAN COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 9 – 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, 2012, total budgeted expenditures did not exceed total expenditures as follows:

	<u>Total Budget</u>	<u>Total Expenditures</u>	<u>Over (Under) Budget</u>
San Juan College Foundation	\$ 1,926,000	\$ 1,670,291	\$ 255,709

NOTE 10 - INCOME TAX MATTERS

The Internal Revenue Service has not examined any of the 990 tax returns. However, the Organization tax returns for 2012, 2011 and 2010 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, 2012 and 2011

	<u>Years Ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
Bank charges and fees	\$ 1,911	\$ 1,299
Bond and insurance	4,809	2,620
Computer expenses	7,283	6,607
Conferences and training	-	149
Maintenance - Real Property	3,561	-
Membership dues	3,497	3,660
Miscellaneous	214	165
Newsletters	3,500	5,000
Office supplies	245	398
Postage	846	1,595
Printing	927	1,762
Promotional expenses	3,500	3,870
Publications	125	-
Salaries and benefits	241,921	238,975
Taxes	2,180	1,613
Telephone	1,124	1,579
Travel	4,766	4,736
G & A Allocated to Fundraising	<u>(88,779)</u>	<u>(87,661)</u>
 Total	 <u>\$ 191,630</u>	 <u>\$ 186,367</u>

SAN JUAN COLLEGE FOUNDATION, INC.
SCHEDULE OF INDIVIDUAL DEPOSIT AND INVESTMENT ACCOUNTS
Year Ended June 30, 2012

<u>Financial Institution</u>	<u>Account Type</u>	<u>Investment Type</u>	<u>Amount</u>
Cash on Hand	Petty Cash	Cash	\$ 289
Citizens Bank	Checking	Cash	114,334
Wells Fargo Bank N.A.	Checking	Cash	1,717
Wells Fargo Bank N.A.	Checking	Cash	1,000
Wells Fargo Bank N.A.	Checking	Cash	36,867
Wells Fargo Bank N.A.	Bus. High Yield Savings	Cash	<u>226,112</u>
Total Cash per banks			380,319
Deposits in Transit			10,774
Less outstanding checks			<u>(1,360)</u>
Cash and cash equivalents per financial statements			<u>\$ 389,733</u>
Wells Fargo Bank N.A.	Time Deposit	Certificate of Deposit	<u>\$ 24,000</u>
Citizens Trust and Investment Corp	Investment Mgt. Acct.	Money Market	\$ 62,639
Citizens Trust and Investment Corp.	Investment Mgt. Acct.	Mutual Funds - Equity	886,301
Citizens Trust and Investment Corp.	Investment Mgt. Acct.	Mutual Funds - Fixed Income	648,277
MorganStanley SmithBarney	Managed Investment	Cash	1,212
MorganStanley SmithBarney	Managed Investment	Money Market	458,728
MorganStanley SmithBarney	Managed Investment	Equity - Common Stocks	2,061,955
Raymond James - Wentworth	Managed Investment	Money Market	8,181
Raymond James - Wentworth	Managed Investment	Equity - Common Stocks	715,919
Raymond James - Unified Managed Freedom Growth	Managed Investment	Money Market	119,946
Raymond James - Unified Managed Freedom Growth	Managed Investment	Equity - Common Stocks	2,366,100
Raymond James - Unified Managed Freedom Growth	Managed Investment	Equity - REITs	26,430
Raymond James - Unified Managed Freedom Growth	Managed Investment	Mutual Funds - Equity	618,798
Raymond James - Unified Managed Freedom Growth	Managed Investment	Alternative	148,372
Raymond James	Managed Investment	Money Market	107,676
Raymond James	Managed Investment	Mutual Funds - Equity	266,740
Raymond James	Managed Investment	Mutual Funds - Fixed Income	506,220
Wells Fargo Advisors	Investment	Cash	117
Wells Fargo Advisors	Investment	Equity - Common Stocks	<u>7,357</u>
Total pooled investments			<u>\$ 9,010,968</u>

**San Juan College Foundation
Budget Comparison Report
Year Ended June 30, 2012**

	<u>Actual YTD Amount</u>	<u>Annual Budgeted Amount</u>	<u>Remaining (Over) Budget Amount</u>
Revenue			
Contributions - Unrestricted	\$ 141,251	\$ 250,000	\$ 108,749
Contributions - Restricted	552,290	742,000	189,710
Contributions - Endowment	79,855	200,000	120,145
Campaign Contributions	50,850	123,000	72,150
Golf Tournament Contributions	59,050	58,000	(1,050)
Cash (or Equivelants) Contribution Revenue	883,296	1,373,000	489,704
In Kind Contributions - Personal Property	223,198	-	(223,198)
In Kind Contributions - Real Estate	250,000	-	(250,000)
Gain / (Loss) on Sale of Real Estate	(55,307)	-	55,307
All Contribution Revenue	1,301,187	1,373,000	71,813
Investment Income	202,632	166,000	(36,632)
Unrealized FMV Gain / (Loss) on Investments	(701,936)	220,000	921,936
In Kind College Support	248,023	246,500	(1,523)
Support Reimbursed to SJC	(241,836)	(246,500)	(4,664)
Other Income	1,391	2,000	609
NPV Change / Split Interest Trusts	(175,178)	-	175,178
Total Revenue	634,283	1,761,000	1,126,717
Expenses			
Awards	79,174	98,200	19,026
Bank Fees	1,911	1,700	(211)
Bond & Insurance	4,809	2,850	(1,959)
College Programs	557,717	661,800	104,083
College Relations	46,745	32,000	(14,745)
Computer Supplies / Expenses	7,283	9,400	2,117
Conferences & Training	-	1,000	1,000
Depreciation	141,470	141,500	30
Fund Raising - Direct	17,501	16,800	(701)
Golf Tournament Expenses	30,418	34,000	3,582
Investment Fees	132,410	131,500	(910)
Maintenance - Real Property	3,561	-	(3,561)
Membership Dues	3,497	3,700	203
Miscellaneous	214	400	186
Newsletters	3,500	5,000	1,500
Office Supplies	245	1,300	1,055
Postage	846	2,400	1,554
Printing	926	2,500	1,574
Promotions	3,500	-	(3,500)
Publications	125	150	25
Salaries	241,921	242,000	79
Scholarships	384,447	528,200	143,753
Special Projects	-	2,200	2,200
Taxes	2,180	1,600	(580)
Telephone	1,124	1,000	(124)
Travel & Lodging	4,767	4,800	33
Budgeted Expenses	1,670,291	1,926,000	255,709
College Programs / In-Kind Transfers	223,018	-	(223,018)
Non-Budgeted Expenses	223,018	-	(223,018)
Total All Expenses	1,893,309	1,926,000	(32,691)
Excess / (Deficiency) of Revenue over Expenses	\$ (1,259,026)	\$ (165,000)	\$ 1,094,026

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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, 2012, and have issued our report thereon dated October 25, 2012. 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 San Juan College Foundation, Inc.'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 25, 2012

SAN JUAN COLLEGE FOUNDATION, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2012

A. PRIOR YEAR AUDIT FINDINGS

No prior year audit findings to report.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

No audit findings to report.

REQUIRED DISCLOSURES

SAN JUAN COLLEGE FOUNDATION, INC.
REQUIRED DISCLOSURE
June 30, 2012

REQUIRED DISCLOSURE

The financial statements were prepared by the Foundation.

An exit conference was held October 25, 2012 during which the audit was discussed. The exit conference was attended by the following individuals:

San Juan College Foundation

Beverly Taylor, President
Gayle Dean, Executive Director

San Juan College

R. Shane Chance, Chairman
Joseph Pope, Vice Chairman
Toni H. Pendergrass, President
Russell M. Litke, Vice President for Business Services
Dave Eppich, Vice President for Student Services
Lisa Wilson, Interim Vice President for Learning
Gary Goold, Interim Controller
Scott Berkley, Controller
Karen King, Assistant Controller

KEYSTONE ACCOUNTING, LLC

Phil Rasband, CPA
Rachel Compton, Staff Accountant