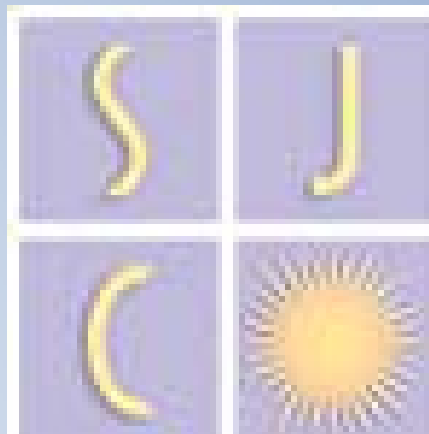




**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Financial Statements**  
**With**  
**Independent Auditors' Report**  
**Year ended**  
**June 30, 2013**



## **INTRODUCTORY SECTION**

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Annual Financial Report**  
**June 30, 2013**

**Official Roster**

Beverly Taylor	President
Len Scalzi	Vice President
(Vacant)	Treasurer
Danny Beyhan	Secretary
Tucker Bayless	Member
Norman Benally	Member
Scott Bird	Member
Marjorie Black	Member
Dr. Robert J. Burns	Member
Gwen Clouthier	Member
Gayle Dean	Member
Kerwin Gober	Member
Curtis Gurley	Member
Dr. James C. Henderson	Member
Jeff Howle	Member
Chad King	Member
Mike Lacey	Member
Kenneth Leach	Member
Richard Ledbetter	Member
T. Greg Merrion	Member
Joshua D. Payne	Member
Dr. Toni Pendergrass	Member
Dr. Joseph Pope	Member
Brian Richards	Member
Gregory Smith	Member
Myron Taylor	Member

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Annual Financial Report**  
**June 30, 2013**

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**INDEPENDENT AUDITORS' REPORT**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## **Independent Auditors' Report**

Hector Balderas  
New Mexico State Auditor  
To the Board of Directors of  
San Juan College Foundation, Inc.  
Farmington, New Mexico

### **Report on the Financial Statements**

We have audited the accompanying financial statements of San Juan College Foundation, Inc. (the Foundation), a component unit of San Juan College, which comprise the statement of net position as of June 30, 2013, and the related statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2013, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information and supporting schedule, as listed in the table of contents, is presented for purposes of additional analysis and is 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 financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2013, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Accounting & Consulting Group, L.L.P.*

Accounting and Consulting Group, LLP  
Certified Public Accountants  
Albuquerque, New Mexico  
November 4, 2013

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Statement of Net Position**  
**June 30, 2013**

**Assets**

<b>Current Assets</b>	
Cash and cash equivalents	\$ 362,133
Promises to Give	604,462
Accrued interest receivable	5,322
Investments, at fair value	<u>17,455,722</u>
Total Current Assets	<u>18,427,639</u>
 <b>Capital Assets</b>	
Land and buildings, net of accumulated depreciation	<u>3,078,587</u>
Total Property and Equipment	<u>3,078,587</u>
 <b>Noncurrent Assets</b>	
Restricted cash	261,107
Promises to give - noncurrent, net	1,127,437
Beneficial interest in remainder trusts	254,526
Land held for investment	<u>5,000</u>
Total Noncurrent Assets	<u>1,648,070</u>
Total Assets	<u><u>\$ 23,154,296</u></u>

**Liabilities and Net Position**

<b>Current Liabilities</b>	
Accounts payable	\$ 1,222
Due to San Juan College	<u>220,631</u>
Total Current Liabilities	<u>221,853</u>
 <b>Noncurrent Liabilities</b>	
Possible Dreams Deposit	261,500
Conditional Refundable Advances	<u>4,000,000</u>
Total Liabilities	<u>4,483,353</u>
 <b>Net Position</b>	
Net Investment in Capital Assets	3,078,587
Unrestricted	998,854
Restricted, expendable	2,431,970
Restricted, unexpendable	<u>12,161,532</u>
Total Net Position	<u>18,670,943</u>
Total Liabilities and Net Position	<u><u>\$ 23,154,296</u></u>

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



**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2013**

<b>Operating Revenues</b>	
Contributions, net	\$ 3,813,365
Noncash contributions:	
Collectibles and assets	37,954
Other	<u>1,546</u>
Total Operating Revenues	<u>3,852,865</u>
<b>Operating Expenses</b>	
Scholarships	445,765
College awards, programs, and relations	751,814
General and administrative	274,552
Fund raising expenses	56,872
Depreciation	<u>141,470</u>
Total Operating Expenses	<u>1,670,473</u>
<b>Operating Income (Loss)</b>	<u>2,182,392</u>
<b>Non-Operating Revenue (Expense)</b>	
Investment income	969,246
Net unrealized loss on investments	366,825
Change in value of split-interest agreements	313,688
Investment management fees	<u>(159,674)</u>
Total Non-Operating Revenue (Expense)	<u>1,490,085</u>
<b>Increase in Net Position</b>	3,672,477
<b>Net Position, Beginning</b>	<u>14,998,466</u>
<b>Net Position, Ending</b>	<u><u>\$ 18,670,943</u></u>

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

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2013**

<b>Cash Flows from Operating Activities</b>	
Cash received from donors	\$ 4,545,768
Cash received from other sources	4,000,000
Cash paid to employees	(274,552)
Cash paid for scholarships, awards and programs	<u>(1,103,601)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>7,167,615</u>
<b>Cash Flows from Investing Activities</b>	
Investment income	965,807
Investment management fees	(159,674)
Purchase of investments	<u>(7,740,241)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(6,934,108)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	233,507
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>389,733</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 623,240</u></u>
Reconciliation of operating income to	
net cash provided by operating activities	
Operating Income	\$ 2,182,392
Adjustments to reconcile change in net position to	
net cash provided by operating activities	
Depreciation	141,470
Changes in assets and liabilities:	
Promises to give	(1,731,899)
Beneficial interest in remainder trust	2,424,802
Accounts payable	(71,428)
Due to San Juan College	220,631
Conditional refundable advance and possible dreams deposits	<u>4,001,647</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 7,167,615</u></u>

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

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1 – Summary of Significant Accounting Policies**

**Nature of Organization**

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

During the year ended June 30, 2013, the Foundation adopted GASB Statements No. 60 through 63. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The Foundation does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34 modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

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

**Cash and Cash Equivalents**

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

**Promises To Give**

Contributions and promises to give are recognized as revenues when received or pledged. If there are no time or donor restrictions placed on these contributions and promises to give, the revenue is reflected as an increase in unrestricted net position; however, if such restrictions do exist, the revenue is classified as restricted expendable or restricted unexpendable, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

restriction is accomplished), temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of activities as net position released from restrictions. The carrying amount of unconditional promises to give to be received in less than one year approximate fair value because of the short maturity of those financial instruments. All promises to give expected to be received in more than one year are computed using the present value technique applied to anticipated cash flows.

**Allowance for Doubtful Accounts**

The Foundation uses the direct write-off method in recognizing uncollectible pledges receivable. Under this method, pledges are charged to operations when they are deemed by management to be uncollectible.

**Investments**

Investments consist primarily of money market mutual funds, bond mutual funds and marketable securities. Marketable securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at amortized cost, which approximates fair value. The change in fair value is reported in the investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

**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:

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

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

**Possible Dreams Deposits**

The Foundation created a program named Possible Dreams, whereby all eighth grade students in San Juan County are invited to deposit in a college fund to save for tuition when they graduate from high school. The participants receive a refund less a service charge of \$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. Possible Dreams deposits are classified as deposits held in trust for financial statement purposes.

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Classification of Revenues**

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

*Operating Revenues:* Operating revenues include activities that have the characteristics of exchange transactions such as unrestricted gifts. Revenue on contracts and grants are recognized to the extent that the underlying exchange transaction has occurred.

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

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

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

**Contributed Facilities and Services**

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

**Estimates**

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

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Income Taxes**

The Foundation is a nonprofit organization as described as a public charity under Section 509(a)(3) of the Internal Revenue Code and is exempt from federal and state income taxes under Section 501(c)(3). The Foundation had no material unrelated business income during fiscal year 2013; therefore, no provision for income taxes is included in the financial statements.

**Net Position**

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

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

**Reclassifications**

Certain prior year amounts have been reclassified in order to be consistent with current year presentation.

**Subsequent Events**

Subsequent events were evaluated through November 4, 2013, which is the date the financial statements were available to be issued.

**NOTE 2 – Cash and Investments**

The Foundation’s cash accounts are held in demand checking accounts at two institutions with carrying amounts totaling \$623,240 at June 30, 2013.

**Concentration of Credit Risk - Cash**

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, 2013. As of June 30, 2013, the Foundation's uninsured cash deposits total were \$130,663 and \$23,535, respectively.

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 2 – Cash and Investments (Continued)**

**Investments**

The investment policy allows the Foundation to invest its portfolio in equities, fixed-income, alternative investments, and other investment strategies to maintain sufficient liquidity to meet projected distribution requirements. A summary of investments at June 30, 2013 follows:

Certificates of Deposit	\$	862,345
Money Market		10,609,768
Fixed Income Securities		5,694,960
Other		288,649
 Total Pooled Investments	 \$	 <u>17,455,722</u>

**Custodial Credit Risk – Investments**

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

**Concentration of Credit Risk – Investments**

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation’s investment in a single issuer. Investments in any one issuer that represents 5% or more of total investments are considered to be exposed to concentrated credit risks and are required to be disclosed. Investments issued and explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. There were no investments in a single issuer that represents 5% or more of the total investments at June 30, 2013.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation does not have a policy on investment credit risk. At June 30, 2013, the Foundation’s bond and money market mutual funds are subject to credit risk, however, they are unrated.

**Interest Rate Risk – Investments**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation does not have a policy to limit its exposure to interest rate risk. At June 30, 2013, Foundation’s bond mutual funds are subject to interest rate risk; however, they are all unrated.

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 2 – Cash and Investments (Continued)**

**Investment Income**

For the year ended June 30, 2013, components of investment return were as follows:

Investment Income	\$	969,246
Net unrealized gain on investments		366,825
 Total Investment Income	 \$	 <u>1,336,071</u>

Maturity rates consist of the following as of June 30, 2013:

<u>Investment Type</u>	<u>Investment Maturities</u>				
	<u>Fair Value</u>	Not subject to <u>Interest</u>	Less than 1 <u>Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
Certificates of Deposit	\$ 862,344	\$ 862,344	\$ -	\$ -	\$ -
Equities	7,118,968	7,118,968	-	-	-
Mutual Funds Equity	3,593,650	3,593,650	-	-	-
Fixed Income - Gov. & Corp.	4,481,138	105,634	439,880	2,516,457	1,419,167
Alternative Investment	185,800	185,800	-	-	-
Mutual Funds - Fixed Income	1,213,822	1,213,822	-	-	-
Total Investments	\$ 17,455,722	\$ 13,080,218	\$ 439,880	\$ 2,516,457	\$ 1,419,167

**NOTE 3 – Beneficial Interest in Remainder Trusts**

The Foundation maintains a beneficial interest in remainder trusts as of June 30, 2013. The fair market value of the interests as of year end totals \$254,526. The beneficial interests are held at a brokerage house and will be converted to cash or investments upon the triggering events that are in the trust documents.



**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 4 – Capital Assets**

Land and buildings consists of the following at June 30, 2013:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 1,130,945	\$ -	\$ -	\$ 1,130,945
Total capital assets not being depreciated	<u>1,130,945</u>	<u>-</u>	<u>-</u>	<u>1,130,945</u>
Capital assets being depreciated:				
Buildings	3,786,752	-	-	3,786,752
Total capital assets being depreciated	<u>3,786,752</u>	<u>-</u>	<u>-</u>	<u>3,786,752</u>
Less accumulated depreciation:				
Buildings	1,697,640	141,470	-	1,839,110
Total accumulated depreciation	<u>1,697,640</u>	<u>141,470</u>	<u>-</u>	<u>1,839,110</u>
Total capital assets, net of depreciation	<u>\$ 3,220,057</u>	<u>\$ (141,470)</u>	<u>\$ -</u>	<u>\$ 3,078,587</u>

Depreciation expense for the year ended June 30, 2013 was \$141,470.

**NOTE 5 – Non-Gift Revenue**

San Juan College, principally through its Development Office, provides services for the administration of the Foundation in the form of personnel, equipment, and supplies to the Foundation. During the year ended June 30, 2013, the financial statements included contributed services and corresponding general and administrative services expense of \$256,291. Contributed services during the year ended June 30, 2013 were reimbursed to the College through cash payments totaling \$256,291.

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Notes to the Financial Statements**  
**June 30, 2013**

**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 \$894,144 and \$795,635 as of June 30, 2013. 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 \$27,000 in distributions from the trust during the year ending June 30, 2013.

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 \$184,726.

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 \$69,800.

In 2006, an individual established a second charitable remainder unitrust agreement, and the Foundation was named as the current primary beneficiary under the trust administered by a trust company. The trust is an irrevocable trust, but includes the power to designate additional or substitute charitable remainder men, during the lifetime of the individual establishing the trust. The market value of the assets of the trust approximated \$509,645 and \$485,783 as of June 30, 2013. 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 Net Position. The Foundation received \$30,000 in distributions from the trust during the year ending June 30, 2013.

**NOTE 7 – Donated Lands 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.**  
**(A Component Unit of San Juan College)**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 8 – Net Position**

Restricted expendable net position as of June 30, 2013 is comprised of:

Awards	\$	175
Art Gallery Support		5,578
Capital Improvement		1,228,634
College Programs		841,448
Public Events Support		7,516
Scholarships		271,994
Partial Endowments		74,490
Special Projects		<u>2,135</u>
<b>Total</b>	<b>\$</b>	<b><u>2,431,970</u></b>

Restricted unexpendable net position as of June 30, 2013 is comprised of:

College programs	\$	748,888
DT Chairs		1,204,873
Faculty awards		102,251
Library support		789,419
Mentoring & tutoring		54,213
Scholarships		8,143,006
Staff Award		60,143
Student awards		62,172
Student Support		114,355
Title III		<u>882,212</u>
<b>Total</b>	<b>\$</b>	<b><u>12,161,532</u></b>

**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, 2013, total budgeted expenditures exceeded total actual expenditures as follows:

	Total Budget	Total Actual Expenditures	Over (Under) Budget
San Juan College Foundation	<u>\$ 2,014,600</u>	<u>\$ 1,830,147</u>	<u>\$ (184,453)</u>

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 10 – Promises to Give**

The Foundation held a campaign to raise funds for the School of Energy. The promises to give for this initiative totaled \$1,825,000. Promises to give expected to be received after June 30, 2014 are discounted at the applicable federal rate of 2.47% as of June 2013. As of June 30, 2013, the unamortized discount on promises to give is \$93,101 on the noncurrent portion of the promises to give. The total amount expected to be received during the next twelve months is \$604,462.

**NOTE 11 – Conditional Advance**

The Foundation entered into an agreement during the year to assist in the construction of the San Juan College School of Energy. The agreement contains certain criteria and upon execution of the agreement and fulfillment of the conditions within the agreement, the Foundation will recognize the entire amount as a contribution. The agreement does allow for the contributor to withdraw from its commitment if the criteria spelled out in the agreement are not adhered to. The Foundation expects to fulfill the requirements of the agreement.

**NOTE 12 – Income Tax Matters**

The Internal Revenue Service has not examined any of the 990 tax returns. However, the Foundation's tax returns for 2012, 2011 and 2010 are subject to examination by the IRS, generally, for three years after they were filed. The Foundation recognizes tax benefits only to the extent the Foundation believes it is "more likely than not" that its tax position will be sustained upon IRS

**NOTE 13 – Risk Management**

The Foundation is physically housed within the College and the College provides office space, personnel, utilities, and general operating expenses to the Foundation. The Foundation's exposure to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omission, injuries to employees, and natural disasters fall within the College's insurance coverage.

**SUPPLEMENTAL INFORMATION**

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Schedule of General and Administrative Expenses**  
**June 30, 2013**

Computer expenses	\$ 8,088
Conferences and training	170
Membership dues	1,365
Miscellaneous	(15)
Newsletters	3,500
Office supplies	1,138
Postage	1,261
Printing	1,613
Professional fees	187
Promotional expenses	3,686
Publications	55
Salaries and benefits	245,851
Taxes	1,634
Telephone	1,009
Travel	<u>5,010</u>
Total General and Administrative Expenses	<u><u>\$ 274,552</u></u>

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

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Schedule of Budget Comparisons**  
**June 30, 2013**

<b>Revenue</b>	<b>Actual YTD Amount</b>	<b>Annual Budgeted Amount (GAAP Basis)</b>	<b>Remaining (Over) Budget Amount</b>
<b>Cash (or Equivalents) Contribution Revenues</b>			
Contributions - Unrestricted	\$ 156,407	\$ 150,000	\$ (6,407)
Contributions - Restricted	929,853	541,000	(388,853)
Contributions - Endowment	674,764	200,000	(474,764)
Campaign Contributions	1,979,495	3,089,100	1,109,605
Golf Tournament Contributions	72,846	59,000	(13,846)
<b>Cash (or Equivalents) Contribution Revenues</b>	<b>3,813,365</b>	<b>4,039,100</b>	<b>225,735</b>
In Kind Contributions - Personal Property	37,954	-	(37,954)
In Kind Contributions - Real Estate	-	-	-
Gain / (Loss) on Sale of Real Estate	-	-	-
<b>All Contribution Revenues</b>	<b>3,851,319</b>	<b>4,039,100</b>	<b>187,781</b>
Investment Income	969,246	160,000	(809,246)
Unrealized FMV Gain / (Loss) on Investments	366,825	200,514	(166,311)
In Kind College Support	256,291	252,500	(3,791)
Support Reimbursed to SJC	(256,291)	(252,500)	3,791
Other Income	1,546	1,500	(46)
NPV Change / Split Interest Trusts	313,688	-	(313,688)
<b>Total Revenues</b>	<b>5,502,624</b>	<b>4,401,114</b>	<b>(1,101,510)</b>

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

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Schedule of Budget Comparisons**  
**June 30, 2013**

<u>Expenses</u>	<u>Actual YTD Amount</u>	<u>Annual Budgeted Amount</u>	<u>Remaining (Over) Budget Amount</u>
Awards	102,073	104,600	2,527
Bank Fees	1,939	1,500	(439)
Bond & Insurance	1,962	2,850	888
College Programs	581,700	730,000	148,300
College Relations	30,090	28,000	(2,090)
Computer Supplies / Expenses	8,088	8,300	212
Conferences & Training	170	600	430
Depreciation	141,470	141,500	30
Fund Raising - Direct	19,577	22,000	2,423
Golf Tournament Expenses	35,333	32,000	(3,333)
Investment Fees	157,735	139,000	(18,735)
Maintenance - Real Property	-	-	-
Membership Dues	1,365	600	(765)
Miscellaneous	(15)	400	415
Newsletters	3,500	3,500	-
Office Supplies	1,138	1,000	(138)
Postage	1,261	1,800	539
Printing	1,613	2,200	587
Professional Fees	187	-	(187)
Promotions	3,686	3,500	(186)
Publications	55	150	95
Salaries	245,851	247,000	1,149
Scholarships	445,764	534,000	88,236
Special Projects	-	2,200	2,200
Taxes	1,634	2,000	366
Telephone	1,008	1,000	(8)
Travel & Lodging	5,009	4,900	(109)
<b>Total Budgeted Expenses</b>	<b>1,792,193</b>	<b>2,014,600</b>	<b>222,407</b>
College Programs / In-Kind Transfers	37,954	-	(37,954)
<b>Non-Budgeted Expenses</b>	<b>37,954</b>	<b>-</b>	<b>(37,954)</b>
<b>Total Expenses</b>	<b>1,830,147</b>	<b>2,014,600</b>	<b>184,453</b>
<b>Excess / (Deficiency) of Revenue over Expenses</b>	<b>\$ 3,672,477</b>	<b>\$ 2,386,514</b>	<b>\$ (1,285,963)</b>

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



## **SUPPORTING SCHEDULES**

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Schedule of Deposits and Investment Accounts**  
**June 30, 2013**

<u>Financial Institution</u>	<u>Account Type</u>	<u>Investment Type</u>	<u>Amount</u>
Cash on Hand	Petty Cash	Cash	\$ 234
Citizens Bank	Checking	Cash	356,663
Wells Fargo Bank N.A.	Checking	Cash	4,473
Wells Fargo Bank N.A.	Checking	Cash	7,955
Wells Fargo Bank N.A.	Checking	Cash	34,621
Wells Fargo Bank N.A.	Bus. High Yield Sav Cash		226,486
<b>Total Cash per banks</b>			<u>630,432</u>
Deposits in Transit			-
Less outstanding checks			(7,192)
<b>Cash and cash equivalents per financial statements</b>			<u><u>\$ 623,240</u></u>
Wells Fargo Bank N.A.	Time Deposit	Certificate of Deposit	<u><u>\$ 24,000</u></u>
Citizens Trust and Investment Corp	Inv. Mgt Acct.	Money Market	\$ 52,871
Citizens Trust and Investment Corp.	Inv. Mgt Acct.	Mutual Funds - Equity	1,007,656
Citizens Trust and Investment Corp.	Inv. Mgt Acct.	Mutual Funds - Fixed Income	664,406
Citizens Trust and Investment Corp.	Inv. Mgt Acct. #2	Money Market	276,081
Citizens Trust and Investment Corp.	Inv. Mgt Acct. #3	Equity - Common Stocks	703,495
Citizens Trust and Investment Corp.	Inv. Mgt Acct. #4	Mutual Funds - Equity	399,726
Citizens Trust and Investment Corp.	Inv. Mgt Acct. #5	Alternatives	79,755
Citizens Trust and Investment Corp.	Inv. Mgt Acct. #6	Fixed Income - Government	439,851
Citizens Trust and Investment Corp.	Inv. Mgt Acct. #7	Fixed Income - Corporate	228,283
Citizens Trust and Investment Corp.	Inv. Mgt Acct. #8	Mutual Funds - Fixed Income	549,417
MorganStanley SmithBarney	Managed Inv.	Cash	2,147
MorganStanley SmithBarney	Managed Inv.	Money Market	30,315
MorganStanley SmithBarney	Managed Inv.	Equity - ETF's	665,071
MorganStanley SmithBarney	Managed Inv.	Mutul Funds - Alternative	102,849
MorganStanley SmithBarney	Managed Inv. #2	Money Market	38,934
MorganStanley SmithBarney	Managed Inv. #2	Fixed Income - Corporate	387,888
MorganStanley SmithBarney	Managed Inv. #2	Fixed Income - Government	557,465
MorganStanley SmithBarney	Managed Inv. #2	Money Market	67,532
MorganStanley SmithBarney	Managed Inv. #2	Fixed Income - Government	1,395,910
MorganStanley SmithBarney	Managed Inv. #2	Money Market	19,965
MorganStanley SmithBarney	Managed Inv. #2	Fixed Income - Corporate	837,272
MorganStanley SmithBarney	Managed Inv. #2	Fixed Income - Government	634,467
MorganStanley SmithBarney	Managed Inv. #2	Money Market	40,164
MorganStanley SmithBarney	Managed Inv. #2	Equity - Common Stocks	1,184,909
MorganStanley SmithBarney	Managed Inv. #2	Money Market	26,168
MorganStanley SmithBarney	Managed Inv. #2	Equity - ETF's	506,838
MorganStanley SmithBarney	Managed Inv. #2	Money Market	15,978
MorganStanley SmithBarney	Managed Inv. #2	Equity - Common Stocks	184,003
MorganStanley SmithBarney	Managed Inv. #2	Equity - ETF's	124,603
Raymond James - Wentworth	Managed Inv.	Money Market	42,060
Raymond James - Wentworth	Managed Inv.	Equity - Common Stocks	896,070
Raymond James - Unified Managed Freedom Growth	Managed Inv.	Money Market	149,273
Raymond James - Unified Managed Freedom Growth	Managed Inv.	Equity - Common Stocks	2,721,646
Raymond James - Unified Managed Freedom Growth	Managed Inv.	Equity - REITs	43,496
Raymond James - Unified Managed Freedom Growth	Managed Inv.	Mutual Funds - Equity	730,754
Raymond James - Unified Managed Freedom Growth	Managed Inv.	Alternative	172,390

See independent auditor's report.

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Schedule of Deposits and Investment Accounts**  
**June 30, 2013**

<u>Financial Institution</u>	<u>Account Type</u>	<u>Investment Type</u>	<u>Amount</u>
Raymond James	Managed Inv.	Money Market	76,608
Raymond James	Managed Inv.	Mutual Funds - Equity	750,657
Raymond James	Managed Inv.	Mutual Funds - Fixed Income	602,010
Raymond James	Managed Inv.	Alternatives	13,410
Wells Fargo Advisors	Investment	Cash	250
Wells Fargo Advisors	Investment	Equity - Common Stocks	9,080
Total pooled investments			<u>\$ 17,431,723</u>

See independent auditor's report.

**INDEPENDENT AUDITORS' 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**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

**Independent Auditors' 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 Balderas  
New Mexico State Auditor  
To the Board of Directors of  
San Juan College Foundation, Inc.  
Farmington, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Juan College Foundation, Inc. (the Foundation), a component unit of San Juan College, which comprise the statement of net position as of June 30, 2013, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 4, 2013.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from 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*.

## **Purpose of this Report**

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

*Accounting & Consulting Group, L.L.P.*

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 4, 2013

**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Schedule of Findings and Responses**  
**June 30, 2013**

**A. Prior Year Audit Findings**

No prior year audit findings to report.

**B. Financial statement Findings**

No audit findings to report.

## **OTHER DISCLOSURES**



**San Juan College Foundation, Inc.**  
**(A Component Unit of San Juan College)**  
**Other Disclosures**  
**June 30, 2013**

**Auditor Prepared Financial Statements**

Accounting & Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of San Juan College Foundation, Inc. from the original books and records provided to them by the management of the Foundation. The responsibility for the financial statements remains with the Foundation

**Exit Conference**

An exit conference was held November 4, 2013 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

Accounting & Consulting Group, LLP  
Ray Roberts, CPA – Managing Partner