



San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Financial Statements
With
Independent Auditors' Report
For the Years Ended June 30, 2014 and 2013



INTRODUCTORY SECTION

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Annual Financial Report
June 30, 2014

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San Juan College Foundation, Inc.
 (A Component Unit of San Juan College)
 Annual Financial Report
 June 30, 2014

Official Roster

<u>Name</u>	<u>Board of Directors</u>	<u>Title</u>
Len Scalzi		President
Danny Beyhan		Vice-President
Kerwin Gober		Treasurer
Kenneth C. Leach		Secretary
Beverly Taylor		Exofficio
Dr. Toni Pendergrass		Member, SJC President
Gayle Dean		Member, Executive Director
Tucker Bayless		Member
Norman D. Benally		Member
Scott Bird		Member
Marjorie Black		Member
Bruce W. Boyer		Member
Dr. Robert J. Burns		Member
Gwen Clouthier		Member
Curtis R. Gurley		Member
Dr. James C. Henderson		Member
Jeff Howle		Member
Chad King		Member
Richard Ledbetter		Member
Rhonda Ledford		Member
T. Greg Merrion		Member
Kathy Jo Myers		Member
Joshua D. Payne		Member
Mark Stockham		Member
Arvin Trujillo		Member
Don Wicburg		Member
	 <u>Administrative Officials</u> 	
Gayle Dean		Executive Director
Lowell Parish		Fund Accountant and Database Administrator

FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

Independent Auditors' Report

Hector H. 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. (a nonprofit organization) (the Foundation), a component unit of San Juan College, which comprise the statements of net position as of June 30, 2014 and June 30, 2013, and the related statements of revenues, expenses and changes in net position and statements of cash flows for the years 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 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 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, 2014 and June 30, 2013, and the changes in its net position and its cash flows for the years 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 requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information and supporting schedule, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. 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 10, 2014, 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 10, 2014

**BASIC
FINANCIAL STATEMENTS**

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Statements of Net Position
June 30, 2014 and 2013

Exhibit A-1

Assets	<u>2014</u>	<u>2013</u>
<i>Current assets</i>		
Cash and cash equivalents	\$ 928,090	\$ 362,133
Promises to give	802,564	604,462
Accrued interest receivable	1,748	5,322
Investments, fair value	<u>25,682,475</u>	<u>17,455,722</u>
<i>Total current assets</i>	<u>27,414,877</u>	<u>18,427,639</u>
<i>Capital assets</i>		
Land and buildings, net of accumulated depreciation	<u>2,937,117</u>	<u>3,078,587</u>
<i>Total capital assets</i>	<u>2,937,117</u>	<u>3,078,587</u>
<i>Noncurrent Assets</i>		
Restricted cash and cash equivalents	272,670	261,107
Promises to give - noncurrent, net	799,149	1,127,437
Beneficial interest in remainder trusts	342,312	254,526
Land held for investment	<u>5,000</u>	<u>5,000</u>
<i>Total non-current assets</i>	<u>1,419,131</u>	<u>1,648,070</u>
<i>Total assets</i>	<u>\$ 31,771,125</u>	<u>\$ 23,154,296</u>
Liabilities and Net Position		
<i>Current liabilities</i>		
Accounts payable	\$ 1,620	\$ 1,222
Due to San Juan College	<u>144,177</u>	<u>220,631</u>
<i>Total current liabilities</i>	<u>145,797</u>	<u>221,853</u>
<i>Non-current liabilities</i>		
Possible Dreams Deposits	264,083	261,500
Conditional refundable advances	<u>5,000,000</u>	<u>4,000,000</u>
<i>Total non-current liabilities</i>	<u>5,264,083</u>	<u>4,261,500</u>
<i>Total liabilities</i>	<u>5,409,880</u>	<u>4,483,353</u>
<i>Net position:</i>		
Net investment in capital assets	2,937,117	3,078,587
Restricted, expendable	3,546,995	2,431,970
Restricted, unexpendable	14,187,849	12,161,532
Unrestricted	<u>5,689,284</u>	<u>998,854</u>
<i>Total net position</i>	<u>26,361,245</u>	<u>18,670,943</u>
<i>Total liabilities and net position</i>	<u>\$ 31,771,125</u>	<u>\$ 23,154,296</u>

The accompanying notes are an integral part of these financial statements

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2014 and 2013

Exhibit A-2

	2014	2013
<i>Operating revenues</i>		
Contributions, net	\$ 6,604,319	\$ 3,813,365
Noncash contributions:		
Collectibles and assets	230,847	37,954
Other	2,270	1,546
<i>Total operating revenues</i>	6,837,436	3,852,865
<i>Operating expenses</i>		
Scholarships	486,756	445,765
College awards, programs, and relations	798,044	751,814
General and administrative	198,959	274,552
Fund raising expenses	156,948	56,872
Depreciation	141,470	141,470
<i>Total operating expenses</i>	1,782,177	1,670,473
<i>Operating income</i>	5,055,259	2,182,392
<i>Non-operating revenues (expenses)</i>		
Investment income	1,403,280	969,246
Net unrealized gain (loss) on investments	1,356,484	366,825
Change in value of split-interest agreements	87,786	313,688
Investment management fees	(212,507)	(159,674)
<i>Total non-operating revenues (expenses)</i>	2,635,043	1,490,085
<i>Change in net position</i>	7,690,302	3,672,477
<i>Total net position - beginning of year</i>	18,670,943	14,998,466
<i>Total net position - end of year</i>	\$ 26,361,245	\$ 18,670,943

The accompanying notes are an integral part of these financial statements

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013

Exhibit A-3

	2014	2013
<i>Cash flows from operating activities:</i>		
Cash received from donors	\$ 6,882,419	\$ 4,545,768
Cash received from other sources	1,000,000	4,000,000
Cash paid to employees	(261,475)	(274,552)
Cash paid for scholarships, awards, and programs	(1,455,288)	(1,103,601)
<i>Net cash provided by operating activities</i>	6,165,656	7,167,615
<i>Cash flows from investing activities:</i>		
Investment income	2,851,124	965,807
Investment management fees	(212,507)	(159,674)
Purchase of investments	(8,226,753)	(7,740,241)
<i>Net cash (used) by investing activities</i>	(5,588,136)	(6,934,108)
<i>Net increase in cash and cash equivalents</i>	577,520	233,507
<i>Cash and cash equivalents - beginning of year</i>	623,240	389,733
<i>Cash and cash equivalents - end of year</i>	\$ 1,200,760	\$ 623,240
<i>Reconciliation of operating income to net cash (used) by operating activities:</i>		
Operating income	\$ 5,055,259	\$ 2,182,392
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	141,470	141,470
Promises to give	130,186	(1,731,899)
Beneficial interests in remainder trusts	(87,786)	2,424,802
Accounts payable	398	(71,428)
Due to San Juan College	(76,454)	220,631
Conditional refundable advance and possible dreams deposits	1,002,583	4,001,647
<i>Net cash provided by operating activities</i>	\$ 6,165,656	\$ 7,167,615

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 Financial Statements
June 30, 2014

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, 2014, the Foundation implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“GASB 65”), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of GASB 65 is not expected to have a significant impact on the Foundation’s financial statements.

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

Cash and Cash Equivalents

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

Promises To Give

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

Allowance for Doubtful Accounts

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

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Notes to Financial Statements
June 30, 2014

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Investments

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

Property and Equipment

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

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

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

Possible Dreams Deposits

The Foundation created a program named Possible Dreams, whereby all eighth grade students in San Juan County are invited to deposit in a college fund to save for tuition when they graduate from high school. The participants receive a refund less a service charge of \$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. During the years ended June 30, 2014 and June 30, 2013, the Foundation paid \$2,075 and \$1,867, respectively, in scholarship matching funds to the College for students who met program criteria.

Classification of Revenues

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

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

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

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.

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Notes to Financial Statements
June 30, 2014

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Contributed Facilities and Services

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

Estimates

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

Income Taxes

The Foundation is a nonprofit organization as described as a public charity under Section 509(a)(3) of the Internal Revenue Code and is exempt from federal and state income taxes under Section 501(c)(3). The Foundation had no material unrelated business income during fiscal years 2014 and 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 10, 2014, 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 \$1,200,760 at June 30, 2014 and \$623,240 at June 30, 2013.

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Notes to Financial Statements
June 30, 2014

NOTE 2 – Cash and Investments (continued)

Concentration of Credit Risk - Cash

The Foundation maintains deposits in two financial institutions located in Farmington, New Mexico. By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including an Interest on Lawyer Trust Account) no longer will receive unlimited deposit insurance coverage by the FDIC. Beginning January 1, 2013, all of the Foundation's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for demand deposit accounts. As of June 30, 2014, the Foundation's uninsured cash deposits total were \$706,540. As of June 30, 2013, the Foundation's uninsured cash deposits total were \$130,198.

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 follows:

	<u>June 30, 2014</u>	<u>June 30, 2014</u>
Certificates of Deposit	\$ 1,125,703	\$ 862,345
Money Market Equities	16,567,965	10,609,768
Fixed Income Securities	7,544,642	5,694,960
Other	<u>444,165</u>	<u>288,649</u>
Total Pooled Investments	<u>\$ 25,682,475</u>	<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, 2014 or 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, 2014 and 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, 2014 and 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 Financial Statements
June 30, 2014

NOTE 2 – Cash and Investments (Continued)

Investment Income

Components of investment return were as follows:

	<u>June 30, 2014</u>	<u>June 30, 2014</u>
Investment Income	\$ 1,403,280	\$ 969,246
Net unrealized gain on investments	<u>1,356,484</u>	<u>366,825</u>
Total Investment Income	<u>\$ 2,759,764</u>	<u>\$ 1,336,071</u>

Maturity rates consist of the following as of June 30, 2014:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		Not subject to Interest <u>Rate Risk</u>	Less than 1 <u>Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
CDs/Money Markets	\$ 1,125,703	\$ 1,125,703	\$ -	\$ -	\$ -
Equities	16,567,965	16,567,965	-	-	-
Fixed Income - Gov. & Corp.	7,544,642	2,630,215	582,564	3,034,494	1,297,369
Other/Alternative Investments	<u>444,165</u>	<u>444,165</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 25,682,475</u>	<u>\$ 20,768,048</u>	<u>\$ 582,564</u>	<u>\$ 3,034,494</u>	<u>\$ 1,297,369</u>

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		Not subject to Interest <u>Rate Risk</u>	Less than 1 <u>Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
CDs/Money Markets	\$ 862,344	\$ 862,344	\$ -	\$ -	\$ -
Equities	10,609,768	10,609,768	-	-	-
Fixed Income - Gov. & Corp.	5,694,960	1,319,456	439,880	2,516,457	1,419,167
Other/Alternative Investments	<u>288,650</u>	<u>288,650</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 17,455,722</u>	<u>\$ 13,080,218</u>	<u>\$ 439,880</u>	<u>\$ 2,516,457</u>	<u>\$ 1,419,167</u>

NOTE 3 – Beneficial Interest in Remainder Trusts

The Foundation maintains a beneficial interest in remainder trusts as of June 30, 2014 and June 30, 2013. The fair market value of the interests as of each year end total \$342,312 and \$254,526, respectively. 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 Financial Statements
June 30, 2014

NOTE 4 – Capital Assets

Capital assets consists of the following at June 30, 2014:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 1,130,945	\$ -	\$ -	\$ 1,130,945
Total capital assets not being depreciated	1,130,945	-	-	1,130,945
Capital assets being depreciated:				
Buildings	3,786,752	-	-	3,786,752
Total capital assets being depreciated	3,786,752	-	-	3,786,752
Less accumulated depreciation:				
Buildings	1,839,110	141,470	-	1,980,580
Total accumulated depreciation	1,839,110	141,470	-	1,980,580
Total capital assets, net of depreciation	<u>\$ 3,078,587</u>	<u>\$ (141,470)</u>	<u>\$ -</u>	<u>\$ 2,937,117</u>

Depreciation expense for the year ended June 30, 2014 was \$141,470.

Capital assets 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	1,130,945	-	-	1,130,945
Capital assets being depreciated:				
Buildings	3,786,752	-	-	3,786,752
Total capital assets being depreciated	3,786,752	-	-	3,786,752
Less accumulated depreciation:				
Buildings	1,697,640	141,470	-	1,839,110
Total accumulated depreciation	1,697,640	141,470	-	1,839,110
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.

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Notes to Financial Statements
June 30, 2014

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 years ended June 30, 2014 and June 30, 2013, the financial statements included contributed services and corresponding general and administrative services expense of \$270,631 and \$256,291, respectively. Contributed services during the years ended June 30, 2014 and June 30, 2013 were reimbursed to the College through cash payments totaling \$270,631 and \$256,291, respectively.

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 \$988,914 and \$894,144 as of June 30, 2014 and June 30, 2013, respectively. The Trustee has sole uncontrolled discretion regarding the distribution of the Trust funds to the Foundation. Distributions from the Trust are recorded as income in the year received and the assets are not included in the Statement of Net Position. The Foundation received \$26,500 and \$27,000 in distributions from the trust during the years ending June 30, 2014 and June 30, 2013, respectively.

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 Net Position as a beneficial interest in remainder trust as of June 30, 2014 and June 30, 2013 in the amount of \$249,509 and \$184,726, respectively.

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 Net Position as a beneficial interest in remainder trust as of June 30, 2014 and June 30, 2013 in the amount of \$92,803 and \$69,800, respectively.

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 \$551,373 and \$509,645 as of June 30, 2014 and June 30, 2013, 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 Net Position. The Foundation received \$30,000 and \$30,000 in distributions from the trust during the years ending June 30, 2014 and June 30, 2013, respectively.

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.

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Notes to Financial Statements
June 30, 2014

NOTE 8 – Net Position

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Awards	\$ 500	\$ 175
Art Gallery Support	10,336	5,578
Capital Improvement	2,508,407	1,228,634
College Programs	707,691	841,448
Public Events Support	-	7,516
Scholarships	259,596	271,994
Partial Endowments	59,237	74,490
Special Projects	<u>1,228</u>	<u>2,135</u>
Total	<u>\$ 3,546,995</u>	<u>\$ 2,431,970</u>

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
College programs	\$ 899,873	\$ 748,888
DT Chairs	1,430,412	1,204,873
Faculty awards	115,531	102,251
Library support	918,577	789,419
Mentoring & tutoring	61,305	54,213
Scholarships	9,489,752	8,143,006
Staff Award	68,395	60,143
Student awards	71,387	62,172
Student Support	133,910	114,355
Title III	<u>998,709</u>	<u>882,212</u>
Total	<u>\$ 14,187,849</u>	<u>\$ 12,161,532</u>

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, 2014, total budgeted expenditures exceeded total actual expenditures as follows:

	Total Budget	Total Actual Expenditures	Over (Under) Budget
San Juan College Foundation	<u>\$ 2,171,800</u>	<u>\$ 1,763,837</u>	<u>\$ (407,963)</u>

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Notes to Financial Statements
June 30, 2014

NOTE 9 – Budgetary Information (continued)

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>

NOTE 10 – Promises to Give

In the year ended June 30, 2013 the Foundation held a campaign to raise funds for the School of Energy. The promises to give for this initiative totaled \$1,825,000 at June 30, 2013 and an additional \$425,000 was pledged during the year ending June 30, 2014 to bring the total for this initiative at June 30, 2014 to \$2,250,000. Collections to date on this initiative have totaled \$590,361. Promises to give expected to be received after the end of each year are discounted at the applicable federal rate of 2.47% as of June 30, 2014 and 2.47% as of June 2013. As of June 30, 2014 and June 30, 2013, the unamortized discount on promises to give is \$57,926 and \$93,101, respectively on the noncurrent portion of the promises to give. The total amount expected to be received during the next twelve months is \$802,564.

NOTE 11 – Conditional Advance

The Foundation entered into an agreement during the year ended June 30, 2013 to assist in the construction of the San Juan College School of Energy. The amounts received as a conditional advance were \$4,000,000 during the year ended June 30, 2013 and an additional \$1,000,000 during the year ended June 30, 2014 to bring the total conditional advance amount at June 30, 2014 to \$5,000,000. 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 Form 990 tax returns. However, the Foundation’s tax returns for 2013, 2012 and 2011 are subject to examination by the IRS, generally, for three years after they were filed. The Foundation recognizes tax benefits only to the extent the Foundation believes it is “more likely than not” that its tax position will be sustained upon IRS examination.

NOTE 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.

SUPPLEMENTARY INFORMATION

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Schedules of General and Administrative Expenses
for the Years Ended June 30, 2014 and June 30, 2013

Statement A-1

	2014	2013
General and Administrative Expenses		
Computer expenses	\$ 8,010	\$ 8,088
Conferences and training	771	170
Maintenance - real property	963	-
Membership dues	1,650	1,365
Miscellaneous	(183)	(15)
Newsletters	3,500	3,500
Office supplies	493	1,138
Postage	1,267	1,261
Printing	899	1,613
Professional fees	-	187
Promotional expenses	9,300	3,686
Publications	135	55
Salaries and benefits	261,475	245,851
Taxes	3,425	1,634
Telephone	1,407	1,009
Travel	7,325	5,010
Transfers to fundraising expenses	(101,478)	-
Total General and Administrative Expenses	\$ 198,959	\$ 274,552

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
For the Year Ended June 30, 2014

Statement A-2
Page 1 of 2

	Annual Budgeted Amount (GAAP Basis)	Actual Amounts	Variance with Final Budget- Positive (Negative)
<u>Revenues</u>			
Cash (or Equivalent) Contribution Revenues			
Contributions - Unrestricted	\$ 4,964,000	\$ 5,335,720	\$ 371,720
Contributions - Restricted	600,000	532,134	(67,866)
Contributions - Endowment	300,000	113,721	(186,279)
Campaign Contributions	5,100,000	585,175	(4,514,825)
Golf Tournament Contributions	-	37,569	37,569
	<u>10,964,000</u>	<u>6,604,319</u>	<u>(4,359,681)</u>
Total Cash (or Equivalents) Contribution Revenues			
In Kind Contributions - Personal Property	-	230,847	230,847
In Kind Contributions - Real Property	-	-	-
Gain/(Loss) on Sale of Real Estate	-	-	-
	<u>10,964,000</u>	<u>6,835,166</u>	<u>(4,128,834)</u>
All Contribution Revenues			
Investment Income	674,900	1,403,280	728,380
Unrealized FMV Gain/(Loss) on Investments	-	1,356,484	1,356,484
In Kind College Support	269,106	270,631	1,525
Support Reimbursed to SJC	(269,106)	(270,631)	(1,525)
Other Income	1,500	2,270	770
NPV Change/Split Interest Trusts	-	87,786	87,786
	<u>11,640,400</u>	<u>9,684,986</u>	<u>(1,955,414)</u>
Total Revenues			

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
For the Year Ended June 30, 2014

Statement A-2
Page 2 of 2

<u>Expenses</u>	Annual Budgeted Amount (GAAP Basis)	Actual Amounts	Variance with Final Budget- Positive (Negative)
Awards	108,000	102,259	5,741
Bank Fees	2,100	2,074	26
Bond & Insurance	2,000	5,891	(3,891)
College Programs	680,000	426,650	253,350
College Relations	40,000	38,288	1,712
Computer Supplies/Expenses	8,000	8,010	(10)
Depreciation	141,500	141,470	30
Conferences & Training	1,000	771	229
Fund Raising - Direct	20,000	22,213	(2,213)
Golf Tournament Expenses	35,000	27,366	7,634
Investment Fees	181,000	210,433	(29,433)
Maintenance - Real Property	-	963	(963)
Membership Dues	2,000	1,650	350
Miscellaneous	500	(183)	683
Newsletters	3,500	3,500	-
Office Supplies	1,500	493	1,007
Postage	1,500	1,267	233
Printing	2,000	899	1,101
Professional Fees	1,000	-	1,000
Promotions	3,800	9,300	(5,500)
Publications	200	135	65
Salaries	252,500	261,475	(8,975)
Scholarships	676,300	486,756	189,544
Special Projects	-	-	-
Taxes	1,700	3,425	(1,725)
Telephone	1,100	1,407	(307)
Travel & Lodging	5,000	7,325	(2,325)
Total Expenses	2,171,200	1,763,837	407,363
College Programs/In-Kind Transfers	-	230,847	(230,847)
Non-Budgeted Expenses	-	230,847	(230,847)
Total Expenses	2,171,200	1,994,684	176,516
Excess/(Deficiency) of Revenues over Expenses	\$ 9,469,200	\$ 7,690,302	\$ 1,778,898

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULE

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Schedule of Deposit and Investment Accounts
June 30, 2014

Schedule I

Financial Institution	Account Type	Investment Type	Amount
Cash and cash equivalents			
Cash on Hand	Petty Cash	Cash	\$ 399
Citizen's Bank	Checking	Cash	933,860
Wells Fargo Bank N.A.	Checking	Cash	1,600
Wells Fargo Bank N.A.	Checking	Cash	1,000
Wells Fargo Bank N.A.	Checking	Cash	43,325
Wells Fargo Bank N.A.	Savings	Cash	226,756
Total cash in banks			<u>1,206,940</u>
Add: deposits in transit			142
Less: outstanding checks			(6,322)
Reconciled cash			<u><u>\$ 1,200,760</u></u>
Cash and cash equivalents per financial statements			
Cash and cash equivalents per Exhibit A-1			\$ 928,090
Restricted cash and cash equivalents per Exhibit A-1			272,670
Total cash and cash equivalents per financial statements			<u><u>\$ 1,200,760</u></u>
Investments			
Wells Fargo Bank N.A.	Certificate of Deposit	Time Deposit	\$ 24,000
Wells Fargo Bank N.A.	Investment	Equity - Common Stocks	11,563
Wells Fargo Bank N.A.	Investment	Precious Metals	186,703
Citizen's Trust and Investment Corp.	Investment	Mutual Funds - Equity	6,511,961
Citizen's Trust and Investment Corp.	Investment	Mutual Funds - Fixed Income	1,777,883
Citizen's Trust and Investment Corp.	Investment	Money Market	837,634
Citizen's Trust and Investment Corp.	Investment	Mutual Funds - Alternatives	142,000
Morgan Stanley	Investment	Money Market	225,585
Morgan Stanley	Investment	Equity - Common Stocks	2,012,459
Morgan Stanley	Investment	Equity - ETFs	1,327,050
Morgan Stanley	Investment	Mutual Funds	256,122
Morgan Stanley	Investment	Fixed Income - Corporate	1,873,009
Morgan Stanley	Investment	Fixed Income - Government	3,067,571
Raymond James	Investment	Money Market	264,069
Raymond James	Investment	Equity - Common Stocks	6,253,426
Raymond James	Investment	Fixed Income - Corporate	570,056
Raymond James	Investment	Mutual Funds - Alternatives	341,384
			<u><u>\$ 25,682,475</u></u>
Investments per Exhibit A-1			<u><u>\$ 25,682,475</u></u>

See independent auditors' report

COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

Hector H. Balderas
New Mexico State Auditor and
the Board of Trustees
San Juan College Foundation
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 statements of net position as of June 30, 2014 and June 30, 2013, and the related statements of revenues, expenses, and changes in net position and statements of cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation'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, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 10, 2014

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Schedule of Findings and Responses
June 30, 2014

A. Prior Year Audit Findings

No prior year audit findings to report.

B. Financial statement Findings

No audit findings to report.

San Juan College Foundation, Inc.
(A Component Unit of San Juan College)
Other Disclosures
June 30, 2014

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 10, 2014 during which the audit was discussed. The exit conference was attended by the following individuals:

San Juan College Foundation, Inc.

Len Scalzi, President

Gayle Dean, Executive Director

Accounting & Consulting Group, LLP

Ray Roberts, CPA – Managing Partner