

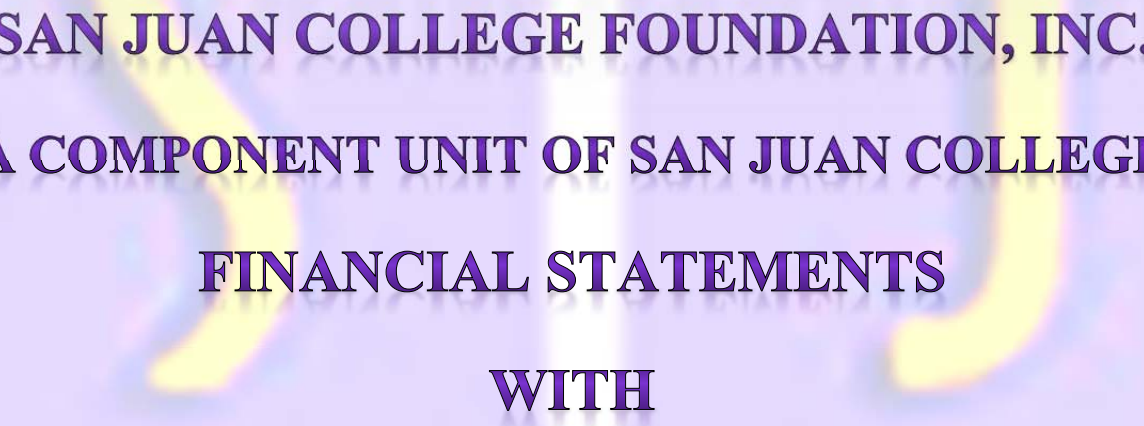




**SAN JUAN COLLEGE**  
*Foundation*

**SAN JUAN COLLEGE FOUNDATION, INC.**  
**(A COMPONENT UNIT OF SAN JUAN COLLEGE)**  
**FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**



## **INTRODUCTORY SECTION**

**San Juan College Foundation, Inc.**  
(A Component Unit of San Juan College)  
Annual Financial Report  
June 30, 2015

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**San Juan College Foundation, Inc.**  
 (A Component Unit of San Juan College)  
 Annual Financial Report  
 June 30, 2015

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
Scott Bird		Member
Marjorie Black		Member
John Buffington		Member
Dr. Robert J. Burns		Member
Gwen Clouthier		Member
Curtis R. Gurley		Member
Ken Hare		Member
Dr. James C. Henderson		Member
Jeff Howle		Member
Chad King		Member
Rhonda Ledford		Member
Kathy Jo Myers		Member
Joshua D. Payne		Member
Janel Ryan		Member
Mark Stockham		Member
Revis Taylor		Member
Arvin Trujillo		Member
Jan Tucker		Member
	 <u>Administrative Officials</u>  	
Gayle Dean		Executive Director
Lowell Parrish		Fund Accountant and Database Administrator

**FINANCIAL SECTION**



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

## **Independent Auditors' Report**

Timothy M. Keller  
New Mexico State Auditor  
Board of Directors  
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, 2015 and June 30, 2014, 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, 2015 and June 30, 2014, 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 October 22, 2015, 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, LLP*

Accounting and Consulting Group, LLP  
Certified Public Accountants  
Albuquerque, New Mexico  
October 22, 2015

**BASIC  
FINANCIAL STATEMENTS**



**San Juan College Foundation, Inc.**  
(A Component Unit of San Juan College)  
Statements of Net Position  
June 30, 2015 and 2014

Exhibit A-1

<b>Assets</b>	<u>2015</u>	<u>2014</u>
<i><b>Current assets</b></i>		
Cash and cash equivalents	\$ 291,565	\$ 928,090
Promises to give	560,000	802,564
Accrued interest receivable	-	1,748
Investments, fair value	<u>21,156,993</u>	<u>25,682,475</u>
<i>Total current assets</i>	<u>22,008,558</u>	<u>27,414,877</u>
<i><b>Capital assets</b></i>		
Land and buildings, net of accumulated depreciation	<u>2,795,647</u>	<u>2,937,117</u>
<i>Total capital assets</i>	<u>2,795,647</u>	<u>2,937,117</u>
<i><b>Noncurrent Assets</b></i>		
Restricted cash and cash equivalents	264,223	272,670
Promises to give - noncurrent, net	404,936	799,149
Beneficial interest in remainder trusts	90,140	342,312
Land held for investment	<u>5,000</u>	<u>5,000</u>
<i>Total non-current assets</i>	<u>764,299</u>	<u>1,419,131</u>
<i>Total assets</i>	<u>\$ 25,568,504</u>	<u>\$ 31,771,125</u>
<b>Liabilities and Net Position</b>		
<i><b>Current liabilities</b></i>		
Accounts payable	\$ 25,877	\$ 1,620
Due to San Juan College	<u>1,078,589</u>	<u>144,177</u>
<i>Total current liabilities</i>	<u>1,104,466</u>	<u>145,797</u>
<i><b>Non-current liabilities</b></i>		
Possible Dreams Deposits	255,531	264,083
Conditional refundable advances	<u>-</u>	<u>5,000,000</u>
<i>Total non-current liabilities</i>	<u>255,531</u>	<u>5,264,083</u>
<i>Total liabilities</i>	<u>1,359,997</u>	<u>5,409,880</u>
<i><b>Net position:</b></i>		
Net investment in capital assets	2,795,647	2,937,117
Restricted, expendable	1,735,584	3,546,995
Restricted, unexpendable	14,088,766	14,187,849
Unrestricted	<u>5,588,510</u>	<u>5,689,284</u>
<i>Total net position</i>	<u>24,208,507</u>	<u>26,361,245</u>
<i>Total liabilities and net position</i>	<u>\$ 25,568,504</u>	<u>\$ 31,771,125</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, 2015 and 2014

Exhibit A-2

	2015	2014
<i>Operating revenues</i>		
Contributions, net	\$ 6,321,934	\$ 6,604,319
Noncash contributions:		
Collectibles and assets	7,311	230,847
Other	14,895	2,270
<i>Total operating revenues</i>	6,344,140	6,837,436
<i>Operating expenses</i>		
Scholarships	521,832	486,756
College awards, programs, and relations	540,980	798,044
General and administrative	233,010	198,959
Fund raising expenses	180,686	156,948
Depreciation	141,470	141,470
<i>Total operating expenses</i>	1,617,978	1,782,177
<i>Operating income</i>	4,726,162	5,055,259
<i>Non-operating revenues (expenses)</i>		
Investment income	2,631,401	1,403,280
Net unrealized gain (loss) on investments	(2,176,359)	1,356,484
Change in value of split-interest agreements	(16,003)	87,786
Contributions to San Juan College (see note 13)	(7,170,461)	-
Investment management fees	(147,478)	(212,507)
<i>Total non-operating revenues (expenses)</i>	(6,878,900)	2,635,043
<i>Change in net position</i>	(2,152,738)	7,690,302
<i>Total net position - beginning of year</i>	26,361,245	18,670,943
<i>Total net position - end of year</i>	\$ 24,208,507	\$ 26,361,245

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, 2015 and 2014

Exhibit A-3

	2015	2014
<i>Cash flows from operating activities:</i>		
Cash received from donors	\$ 2,224,537	\$ 6,882,419
Cash received from other sources	-	1,000,000
Cash paid to employees	(298,255)	(261,475)
Cash paid for scholarships, awards, and programs	(1,081,831)	(1,455,288)
<i>Net cash provided by operating activities</i>	844,451	6,165,656
<i>Cash flows from investing activities:</i>		
Investment income	440,787	2,851,124
Investment management fees	(147,478)	(212,507)
Proceeds from sale of investments	14,525,482	8,523,836
Purchase of investments	(10,000,000)	(16,750,589)
<i>Net cash provided (used) by investing activities</i>	4,818,791	(5,588,136)
<i>Cash flows from non-capital financing activities:</i>		
Cash paid to College for School of Energy Project	(6,308,214)	-
<i>Net cash (used) by non-capital financing activities</i>	(6,308,214)	-
<i>Net (decrease) increase in cash and cash equivalents</i>	(644,972)	577,520
<i>Cash and cash equivalents - beginning of year</i>	1,200,760	623,240
<i>Cash and cash equivalents - end of year</i>	\$ 555,788	\$ 1,200,760
<i>Reconciliation of operating income to net cash provided by operating activities:</i>		
Operating income	\$ 4,726,162	\$ 5,055,259
Adjustments to reconcile operating (loss) income to net cash (used) provided by operating activities:		
Depreciation	141,470	141,470
Promises to give	636,777	130,186
Beneficial interests in remainder trusts	252,172	(87,786)
Accounts payable	24,257	398
Due to San Juan College	72,165	(76,454)
Conditional refundable advance and Possible Dreams Deposits	(5,008,552)	1,002,583
<i>Net cash provided by operating activities</i>	\$ 844,451	\$ 6,165,656

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, 2015

**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, 2015, the Foundation adopted GASB Statements No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 (“GASB 68”), and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68 (“GASB 71”). These two Statements are required to be implemented at the same time. The Statements address accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans. Because the Foundation does not participate in such a pension, the implementation of GASB 68 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, 2015

**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, 2015 and June 30, 2014, the Foundation paid \$4,258 and \$2,075, 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.

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, 2015

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

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

**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 2015 and 2014; 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.

**Reclassifications**

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

**Subsequent Events**

Subsequent events were evaluated through October 22, 2015, 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 \$555,788 at June 30, 2015 and \$1,200,760 at June 30, 2014.

**San Juan College Foundation, Inc.**  
(A Component Unit of San Juan College)  
Notes to Financial Statements  
June 30, 2015

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

**Concentration of Credit Risk - Cash**

The Foundation maintains deposits in two financial institutions located in Farmington, New Mexico. All of the Foundation's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for demand deposit accounts. As of June 30, 2015, the Foundation's uninsured cash deposits total were \$129,927. As of June 30, 2014, the Foundation's uninsured cash deposits total were \$706,540.

**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, 2015</u>	<u>June 30, 2014</u>
Certificates of Deposit & Money Markets	\$ 789,981	\$ 1,125,703
Equities	19,864,337	16,567,965
Fixed Income Securities - Gov. & Corp.	363,367	7,544,642
Other	<u>139,308</u>	<u>444,165</u>
Total Pooled Investments	<u>\$ 21,156,993</u>	<u>\$ 25,682,475</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 stock or security. Investments in any one stock or security that represent 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 certificates of deposits and money market fund investments are excluded from this requirement. There were no investments in any single stock or security that represent 5% or more of the total investments of the Foundation at June 30, 2015 or June 30, 2014.

**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, 2015 and June 30, 2014, 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, 2015 and June 30, 2014, 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, 2015

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

**Investment Income**

Components of investment return were as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Investment Income	\$ 2,631,401	\$ 1,403,280
Net unrealized gain on investments	<u>(2,176,359)</u>	<u>1,356,484</u>
 Total Investment Income	 <u>\$ 455,042</u>	 <u>\$ 2,759,764</u>

Maturity rates consist of the following as of June 30, 2015:

<u>Investment Type</u>	<u>Investment Maturities</u>				
	<u>Fair Value</u>	Not subject to <u>Interest</u> <u>Rate Risk</u>	Less than 1 <u>Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
CDs/Money Markets	\$ 789,981	\$ 789,981	\$ -	\$ -	\$ -
Equities	19,864,337	19,864,337	-	-	-
Fixed Income - Gov. & Corp.	363,367	185,293	16,107	126,966	35,001
Other/Alternative Investments	<u>139,308</u>	<u>139,308</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Investments	 <u>\$ 21,156,993</u>	 <u>\$ 20,978,919</u>	 <u>\$ 16,107</u>	 <u>\$ 126,966</u>	 <u>\$ 35,001</u>

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

<u>Investment Type</u>	<u>Investment Maturities</u>				
	<u>Fair Value</u>	Not subject to <u>Interest</u> <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>

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

The Foundation maintains a beneficial interest in remainder trusts as of June 30, 2015 and June 30, 2014. The fair market value of the interests as of each year end total \$90,140 and \$342,312, 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, 2015

**NOTE 4 – Capital Assets**

Capital assets consists of the following at June 30, 2015:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
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	1,980,580	141,470	-	2,122,050
Total accumulated depreciation	<u>1,980,580</u>	<u>141,470</u>	<u>-</u>	<u>2,122,050</u>
Total capital assets, net of depreciation	<u>\$ 2,937,117</u>	<u>\$ (141,470)</u>	<u>\$ -</u>	<u>\$ 2,795,647</u>

Depreciation expense for the year ended June 30, 2015 was \$141,470.

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	<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	1,839,110	141,470	-	1,980,580
Total accumulated depreciation	<u>1,839,110</u>	<u>141,470</u>	<u>-</u>	<u>1,980,580</u>
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.

**San Juan College Foundation, Inc.**  
(A Component Unit of San Juan College)  
Notes to Financial Statements  
June 30, 2015

**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, 2015 and June 30, 2014, the financial statements included contributed services and corresponding general and administrative services expense of \$307,724 and \$270,631, respectively. Contributed services during the years ended June 30, 2015 and June 30, 2014 were reimbursed to the College through cash payments totaling \$307,724 and \$270,631, 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 \$943,903 and \$988,914 as of June 30, 2015 and June 30, 2014, 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 \$57,956 and \$26,500 in distributions from the trust during the years ending June 30, 2015 and June 30, 2014, 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. During the year ended June 30, 2015 the assets of this trust were converted to investments of the Foundation and recognized as contribution revenue when the trust cleared probate and the assets of the trust were released to the Foundation. The assets of the trust were included in the Statement of Net Position as a beneficial interest in remainder trust as of June 30, 2014 in the amount of \$249,509.

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, 2015 and June 30, 2014 in the amount of \$90,140 and \$92,803, 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, during the lifetime of the individual establishing the trust. The market value of the assets of the trust approximated \$529,489 and \$551,373 as of June 30, 2015 and June 30, 2014, 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, 2015 and June 30, 2014, 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, 2015

**NOTE 8 – Net Position**

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

	June 30, 2015	June 30, 2014
Awards	\$ 1,000	\$ 500
Art Gallery Support	5,974	10,336
Capital Improvement	412,894	2,508,407
College Programs	866,730	707,691
Scholarships	380,061	259,596
Partial Endowments	68,925	59,237
Special Projects	-	1,228
<b>Total</b>	<b>\$ 1,735,584</b>	<b>\$ 3,546,995</b>

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

	June 30, 2015	June 30, 2014
College Programs	\$ 966,607	\$ 899,873
DT Chairs	1,423,397	1,430,412
Faculty Awards	117,198	115,531
Library Support	876,960	918,577
Mentoring & Tutoring	-	61,305
Scholarships	9,464,017	9,489,752
Staff Award	66,882	68,395
Student Awards	70,417	71,387
Student Support	131,732	133,910
Title III	971,556	998,709
<b>Total</b>	<b>\$ 14,088,766</b>	<b>\$ 14,187,849</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, 2015, total budgeted expenditures exceeded total actual expenditures as follows:

	Total Budget	Total Actual Expenditures	Over (Under) Budget
San Juan College Foundation	\$ <u>9,618,300</u>	\$ <u>8,935,917</u>	\$ <u>(682,383)</u>

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, 2015

**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 \$1,270,000. 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, 2015 and 2.47% as of June 2014. As of June 30, 2015 and June 30, 2014, the unamortized discount on promises to give is \$15,064 and \$57,926, respectively on the noncurrent portion of the promises to give. The total amount expected to be received during the next twelve months is \$560,000.

**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 Foundation fulfilled the requirements of the agreement during the year ended June 30, 2015, and the entire amount of the advance was recognized as a contribution to the Foundation.

**NOTE 12 – Contributions to San Juan College**

As mentioned in Note 11 and Note 12, since the year ended June 30, 2013, the Foundation has received various contributions of funds to aid San Juan College in the construction of the School of Energy. During the year ended June 30, 2015, the Foundation made payments to the College, on a reimbursement basis, for the College's construction costs of the School of Energy. On the Statement of Revenues, Expenses, and Changes in Net Position, these payments totaled \$7,170,461. Of this amount, \$6,308,214 has been paid as a non-capital financing activity in the Statement of Cash Flows, and \$862,247 is accrued as a portion of 'Due to San Juan College' on the Statement of Net Position as of June 30, 2015.

**NOTE 13 – Income Tax Matters**

The Internal Revenue Service has not examined any of the Form 990 tax returns. However, the Foundation's tax returns for 2014, 2013 and 2012 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 14 – 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)  
Schedule of General and Administrative Expenses  
for the Years Ended June 30, 2015 and June 30, 2014

Statement A-1

	2015	2014
General and Administrative Expenses		
Computer expenses	\$ 6,039	\$ 8,010
Conferences and training	75	771
Maintenance - real property	6,196	963
Membership dues	1,675	1,650
Miscellaneous	1,191	(183)
Newsletters	3,500	3,500
Office supplies	356	493
Postage	1,079	1,267
Printing	4,352	899
Professional fees	8,886	-
Promotional expenses	13,998	9,300
Publications	42	135
Salaries and benefits	298,255	261,475
Taxes	4,604	3,425
Telephone	1,005	1,407
Travel	5,798	7,325
Transfers to fundraising expenses	(124,041)	(101,478)
	\$ 233,010	\$ 198,959
Total General and Administrative Expenses		

See independent auditors' report

**San Juan College Foundation, Inc.**  
(A Component Unit of San Juan College)  
Schedule of Budget Comparisons  
For the Year Ended June 30, 2015

Statement A-2  
Page 1 of 2

	Annual Budgeted Amount (GAAP Basis)	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b><u>Revenues</u></b>			
<b>Cash (or Equivalent) Contribution Revenues</b>			
Contributions - Unrestricted	\$ 150,000	\$ 213,720	\$ 63,720
Contributions - Restricted	650,000	936,449	286,449
Contributions - Endowment	200,000	84,003	(115,997)
Campaign Contributions	5,000,000	5,042,862	42,862
Golf Tournament Contributions	23,000	44,900	21,900
<b>Total Cash (or Equivalents) Contribution Revenues</b>	<b>6,023,000</b>	<b>6,321,934</b>	<b>298,934</b>
In Kind Contributions - Personal Property	-	7,311	7,311
<b>All Contribution Revenues</b>	<b>6,023,000</b>	<b>6,329,245</b>	<b>306,245</b>
Investment Income	1,227,500	2,631,401	1,403,901
Unrealized FMV Gain/(Loss) on Investments	-	(2,176,359)	(2,176,359)
In Kind College Support	305,000	307,724	2,724
Support Reimbursed to SJC	(305,000)	(307,724)	(2,724)
Other Income	1,500	14,895	13,395
NPV Change/Split Interest Trusts	-	(16,003)	(16,003)
<b>Total Revenues</b>	<b>7,252,000</b>	<b>6,783,179</b>	<b>(468,821)</b>

See independent auditors' report

**San Juan College Foundation, Inc.**  
(A Component Unit of San Juan College)  
Schedule of Budget Comparisons  
For the Year Ended June 30, 2015

Statement A-2  
Page 2 of 2

	Annual Budgeted Amount (GAAP Basis)	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b><u>Expenses</u></b>			
Awards	101,000	81,394	19,606
Bank Fees	2,100	2,994	(894)
Bond & Insurance	6,300	7,398	(1,098)
Capital Improvement Projects	7,550,000	7,170,461	379,539
College Programs	544,000	418,572	125,428
College Relations	40,000	33,803	6,197
Computer Supplies/Expenses	8,500	6,039	2,461
Depreciation	141,500	141,470	30
Conferences & Training	1,000	75	925
Fund Raising - Direct	22,000	24,026	(2,026)
Golf Tournament Expenses	30,000	25,221	4,779
Investment Fees	223,000	144,484	78,516
Maintenance - Real Property	1,500	6,196	(4,696)
Membership Dues	2,000	1,675	325
Miscellaneous	500	1,191	(691)
Newsletters	3,500	3,500	-
Office Supplies	1,500	356	1,144
Postage	1,500	1,079	421
Printing	2,000	4,352	(2,352)
Professional Fees	-	8,886	(8,886)
Promotions	3,500	13,998	(10,498)
Publications	200	42	158
Salaries	288,000	298,255	(10,255)
Scholarships	634,000	521,832	112,168
Taxes	1,700	4,604	(2,904)
Telephone	1,500	1,005	495
Travel & Lodging	7,500	5,798	1,702
<b>Total Budgeted Expenses</b>	<b>9,618,300</b>	<b>8,928,706</b>	<b>689,594</b>
College Programs/In-Kind Transfers	-	7,211	(7,211)
<b>Non-Budgeted Expenses</b>	<b>-</b>	<b>7,211</b>	<b>(7,211)</b>
<b>Total Expenses</b>	<b>9,618,300</b>	<b>8,935,917</b>	<b>682,383</b>
<b>Excess/(Deficiency) of Revenues over Expenses</b>	<b>\$ (2,366,300)</b>	<b>\$ (2,152,738)</b>	<b>\$ (213,562)</b>

See independent auditors' report



**SUPPORTING SCHEDULE**

**San Juan College Foundation, Inc.**  
(A Component Unit of San Juan College)  
Schedule of Deposit and Investment Accounts  
June 30, 2015

Schedule I

Financial Institution	Account Type	Investment Type	Amount
<b>Cash and cash equivalents</b>			
Cash on Hand	Petty Cash	Cash	\$ 89
Citizen's Bank	Checking	Cash	365,743
Wells Fargo Bank N.A.	Checking	Cash	992
Wells Fargo Bank N.A.	Checking	Cash	5,000
Wells Fargo Bank N.A.	Checking	Cash	31,238
Wells Fargo Bank N.A.	Savings	Cash	226,954
<b>Total cash in banks</b>			<u>630,016</u>
Add: deposits in transit			180
Less: outstanding checks			(74,408)
<b>Reconciled cash</b>			<u><u>\$ 555,788</u></u>
 <b>Cash and cash equivalents per financial statements</b>			
Cash and cash equivalents per Exhibit A-1			\$ 291,565
Restricted cash and cash equivalents per Exhibit A-1			<u>264,223</u>
<b>Total cash and cash equivalents per financial statements</b>			<u><u>\$ 555,788</u></u>
 <b>Investments</b>			
Wells Fargo Bank N.A.	Certificate of Deposit	Time Deposit	\$ 24,000
Wells Fargo Bank N.A.	Investment	Equity - Common Stocks	12,373
Wells Fargo Bank N.A.	Investment	Precious Metals	139,308
Citizen's Trust and Investment Corp.	Investment	Mutual Funds - Equity	5,597,610
Citizen's Trust and Investment Corp.	Investment	Mutual Funds - Fixed Income	299,691
Citizen's Trust and Investment Corp.	Investment	Money Market	378,440
Morgan Stanley	Investment	Money Market	381,358
Morgan Stanley	Investment	Equity - Common Stocks	2,772,375
Morgan Stanley	Investment	Equity - ETFs	1,000,290
Morgan Stanley	Investment	Mutual Funds	63,676
Morgan Stanley	Investment	Money Market	6,183
Morgan Stanley	Investment	Equity - Common Stocks	156,355
Morgan Stanley	Investment	Equity - ETFs	71,070
New Mexico State Investment Council	Investment	Mutual Funds	10,254,264
			<u><u>\$ 21,156,993</u></u>
 <b>Investments per Exhibit A-1</b>			 <u><u>\$ 21,156,993</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**

Timothy M. Keller  
New Mexico State Auditor and  
Board of Directors  
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, 2015 and June 30, 2014, 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 October 22, 2015.

**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  
October 22, 2015

**San Juan College Foundation, Inc.**  
(A Component Unit of San Juan College)  
Schedule of Findings and Responses  
June 30, 2015

**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, 2015

**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 October 27, 2015 during which the audit was discussed. The exit conference was attended by the following individuals:

San Juan College Foundation, Inc.

Kenneth Hare, Board Member  
Shane Chance, Board Member  
Gayle Dean, Executive Director

Accounting & Consulting Group, LLP

Ray Roberts, CPA – Managing Partner