

**SANTA FE COMMUNITY COLLEGE
FOUNDATION**
(A Component Unit of
Santa Fe Community College)

**Financial Statements with Independent
Auditors' Report**

June 30, 2019



**SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)**

June 30, 2019

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**SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)**

June 30, 2019

Official Roster

Name	BOARD OF DIRECTORS	Title
Dr. Carmen Gonzales		President
Dr. Martha Romero		Vice President, SFCC Governing Board Representative
Stephen Gaber		Treasurer
Patricia McNeill		Secretary
Deborah Boldt		Executive Director
Dr. Cecilia Y.M. Cervantes		SFCC Interim President
Sandy Zane		Chair, Art on Campus Advisory Committee
Elise Arena		Co-Chair, Leadership & Board Development Committee
Dr. Edwin Barker		Co-Chair, Science on a Sphere Advisory Committee
Dr. George Gamble		Governing Board Representative
Dr. Bernadette Jacobs		Presidential Appointee, Dean, School of Liberal Arts
Natalie Fitz-Gerald		Member
Frederick F. Nugent		Member
Danika Padilla		Member
Regis Pecos		Member
Mary Piotrowski		Member
Adam Stramel		Member
Jeffrey Szabat		Member
Dr. Leona Zastrow		Member

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Santa Fe Community College Foundation
Santa Fe, New Mexico
and
Mr. Brian Colón, New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the Santa Fe Community College Foundation (the "Foundation"), a nonprofit organization and component unit of Santa Fe Community College, as of and for the year ended June 30, 2019, the related notes to the financial statements which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Foundation as of June 30, 2019, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require 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 this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019, 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Foundation's internal controls over financial reporting and compliance.



Albuquerque, New Mexico
October 31, 2019

FINANCIAL STATEMENTS

SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
Statement of Net Position
June 30, 2019

Assets

Current Assets

Cash and cash equivalents	\$	1,565,295
Investments, at fair value		8,072,011
Total Current Assets		<u>9,637,306</u>

Noncurrent Assets

Artwork collections		802,443
Total Assets	\$	<u><u>10,439,749</u></u>

Liabilities

Current Liabilities

Accounts Payable	\$	250
Annuity payable, current portion		3,650
Due to Santa Fe Community College		557,769
Total Current Liabilities		<u>561,669</u>

Noncurrent Liabilities

Annuity payable, less current portion		13,468
Total Liabilities		<u>575,137</u>

Net Position

Restricted, expendable		3,438,670
Restricted, unexpendable		5,588,033
Unrestricted		837,909
Total Net Position		<u>9,864,612</u>
Total Liabilities and Net Position	\$	<u><u>10,439,749</u></u>

See Notes to Financial Statements

**SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019**

Operating Revenues	
Gifts	\$ 837,674
Non - Gift Revenue	<u>430,130</u>
Total Operating Revenues	<u>1,267,804</u>
Operating Expenses	
General and administrative	482,345
Contribution to SFCC:	
Scholarships	357,492
Program Support	<u>644,344</u>
Total Operating Expenses	<u>1,484,181</u>
Operating Loss	<u>(216,377)</u>
Non-Operating Revenues (Expenses)	
Net unrealized and realized loss on investments	(46,415)
Dividend and interest income	317,138
Investment management fees and taxes	<u>(31,300)</u>
Total Non-Operating Revenues	239,423
Income Before Contributions to Permanent Endowments	<u>23,046</u>
Contributions to Permanent Endowments	
Gifts	111,659
Change in Net Position	134,705
Net Position, Beginning of the Year	<u>9,729,907</u>
Net Position, End of the Year	<u><u>\$ 9,864,612</u></u>

See Notes to the Financial Statements

SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
Statement of Cash Flows
For the Year Ended June 30, 2019

Cash Flows from Operating Activities

Cash received from donors	\$ 837,674
Cash paid to SFCC for scholarships and program support	(604,276)
Cash paid for operating expenses	(72,846)

Net Cash Provided by Operating Activities 160,552

Cash Flows from Non-Capital Financing Activities

Cash received from donors for permanent endowments	111,659
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Net Cash Provided by Non-Capital Financing Activities 111,659

Cash Flows from Investing Activities

Purchase of investments	(215,368)
Proceeds from sale of investments	-
Dividends and interest	317,138
Investment management fees	(31,300)

Net Cash Provided by Investing Activities 70,470

Net Increase in Cash and Cash Equivalents 342,681

Cash and Cash Equivalents, beginning of year 1,222,614

Cash and Cash Equivalents, end of year \$ 1,565,295

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating loss	\$ (216,377)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Change in:	
Accounts payable	128
Artwork collections	(33,260)
Due to Santa Fe Community College	410,061

Total Adjustments 160,552

Net Cash Provided by Operating Activities \$ 160,552

Supplemental Disclosure of Non-Cash Investing Activities:

Non-cash donation	<u>\$ 430,130</u>
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See Notes to the Financial Statements

**SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
Notes to the Financial Statements
June 30, 2019**

NOTE 1 – NATURE OF ORGANIZATION

Santa Fe Community College Foundation (the Foundation) was formed to encourage, solicit, receive, and administer gifts and bequests of real and personal property and funds for scientific, educational, public service, and charitable purposes for the advancement and benefit of Santa Fe Community College (SFCC or College) and its objectives and, to that end (a) to take and to hold, either absolutely or in trust for any limitations and conditions imposed by law or the instrument under which received; (b) to sell, lease, convey, and dispose of any such property, to invest and re-invest any proceeds and other funds, and to deal with and expend the principal and income for any purpose herein authorized; (c) to act as trustee; and (d) in general, to exercise any, all, and every power, including trust powers, which a nonprofit corporation organized under the laws of New Mexico for the foregoing purposes can be authorized to exercise.

Under the Memorandum of Agreement with the College, the College will (1) assign staff to service the administrative needs of the Foundation; (2) provide liability insurance for the Foundation's officers and Board Members; (3) provide suitable office and meeting space; (4) pay the cost of reasonable utilities, maintenance and repairs, property insurance, and any other reasonable physical facility support services; (5) provide certain reasonable administration support services; and (6) provide, at no cost to the Foundation, reasonable information technology processing and support, including acquisition of appropriate hardware and software. The Foundation has no component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The Foundation applies business-type activity accounting and the Foundation's basic financial statements are reported using a flow of economic resources measurement focus and the accrual basis of accounting. Accordingly Revenues are recognized when they are earned, and expenses are recognized as soon as the liability is incurred.

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 fund investments, with maturities of three months or less from the date of acquisition to be cash equivalents.

**SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
Notes to the Financial Statements
June 30, 2019**

NOTE 2 – 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 endowment spending policy is subject to annual review and provides that the annual amount of potential distributions from each endowment fund shall be limited to a maximum of 7% of the rolling average market value of the prior twelve quarters. At the beginning of each fiscal year, the Foundation's board of directors will determine the potential distribution amount for each endowment fund for the ensuing fiscal year. Foundation's spending policy complies with the requirements of the Laws of the State of New Mexico and Uniform Prudent Management of Institutional Funds Act.

Artwork Collections

The Foundation maintains works of art and similar assets that are (a) held for public exhibition, and education in furtherance of public service rather than financial gain, (b) protected, kept unencumbered, cared for, and preserved, and (c) subject to an organizational policy that requires the proceeds of items that are sold to be used for other items for collections.

Annuity Payable

Annuity payable represents the liability established for donations whereby a specified amount of funds are to be paid to the donor for the duration of his or her life. The Foundation uses annuity rates, including the discount and remainder factors, based on the American Council on Gift Annuities guidelines to establish the estimated liability. Significant factors of the estimate include the donor's age, amount of donation, and the discount rate, and are updated annually to adjust the liability.

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.

**SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
Notes to the Financial Statements
June 30, 2019**

NOTE 2 – 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.

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

Contributed Facilities and Services

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions which affect certain reported amounts and disclosures. The Foundation's estimates include the valuation of artwork. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is a nonprofit organization described as a public charity under Section 509(a)(3) of the Internal Revenue Code and is exempt from federal and state income taxes under Section 501(c)(3). The Foundation had no material unrelated business income during fiscal year 2019; therefore, no provision for income taxes is included in the financial statements.

Net Position

Unrestricted net position represents resources whose use is not limited or restricted by donors. Unrestricted net position has arisen from exchange transactions and receipt of unrestricted contributions. Restricted net position represents those funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. Restricted expendable net position are resources that the Foundation is legally or contractually obligated to spend in accordance with imposed restrictions by third parties, such as donors.

**SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
Notes to the Financial Statements
June 30, 2019**

NOTE 3 – CASH AND INVESTMENTS

The Foundation’s cash accounts are held in demand checking and money market accounts at an institution with a carrying amount totaling \$1,565,295 at June 30, 2019.

Custodial Credit Risk – Cash

Custodial credit risk is the risk that, in the event of a bank failure, the Foundation’s deposits may not be returned to it. The Foundation maintains cash deposits in one financial institution. The Foundation’s cash account is insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 and collateralized by collateral held by the pledging bank’s trust department. As of June 30, 2019, \$1,119,297 of the Foundation’s bank balance of \$1,369,297 was exposed to custodial credit risk. As of June 30, 2019, \$336,705 was uninsured and collateralized and \$782,592 was uninsured and uncollateralized. The money market mutual funds held by the Foundation are not insured by the FIDC, however they are not subject to custodial credit risk.

Investments

The investment policy allows the Foundation to invest its portfolio in equities, fixed-income, alternative investments, and other investment strategies to maintain sufficient liquidity to meet projected distribution requirements. A summary of investments at June 30, 2019 is as follows:

Mutual Funds - Equities	\$	5,025,422
Mutual Funds - Bonds		3,014,790
Exchange Traded- Equities		24,215
Exchange Traded – Fixed Income		7,584
	\$	<u>8,072,011</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. The Foundation’s exposure to custodial credit risk at June 30, 2019 is as follows:

<u>Investment Type</u>	<u>Custodian</u>	<u>Fair Value</u>
Mutual Funds - Equities	Fidelity Investments	\$ 5,025,422
Mutual Funds - Bonds	Fidelity Investments	3,014,790
Exchange Traded - Equities	Fidelity Investments	24,215
Exchange Traded - Fixed Income	Fidelity Investments	7,584
		\$ <u>8,072,011</u>

Fidelity Investments are members of Securities Investor Protection Corporation (SIPC). As a result, securities are protected up to \$500,000. In addition to the SIPC protection, Fidelity Investments provide excess coverage from Lloyd’s of London in conjunction with other insurers. Total aggregate excess of SIPC coverage is \$1 billion each, but there is a per unit limit of \$1.9 million for cash awaiting investment.

SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
Notes to the Financial Statements
June 30, 2019

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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 for bonds and 5% or more for all other 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 bonds in a single issuer that represents 10% or more of the total investments and there were no other investments 5% or more of the total investments at June 30, 2019.

A detail of the cash and investment accounts at June 30, 2019 is included below.

<u>Name of Depository/ Custodian</u>	<u>Account Type</u>	<u>Institution Balance</u>	<u>Reconciled Book Balance</u>
Deposits			
Century Bank-Public Funds	Non-Interest-Bearing Deposit	\$ 1,369,297	1,367,981
Fidelity Investments	Money Market Mutual Funds	197,314	197,314
Total Deposits		<u>1,566,611</u>	<u>1,565,295</u>
Investment Accounts			
Fidelity Investments	Mutual Funds - Equities	5,025,422	5,025,422
Fidelity Investments	Mutual Funds - Bonds	3,014,790	3,014,790
Fidelity Investments	Exchange Traded Equities	24,215	24,215
Fidelity Investments	Exchange Traded - Fixed	7,584	7,584
Total Investments		<u>\$ 8,072,011</u>	<u>8,072,011</u>

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. The Foundation’s bond and money market funds had the following credit risk structure as of June 30, 2019:

<u>Investment Type</u>	<u>Rating</u>	<u>Percentage</u>
Money Market Funds:		
Fidelity Treasury Money Market	AAA	2.26%
Bond Mutual Funds:		
Vanguard Inter-Term Inv	A	9.28%
Vanguard Short-Term Inv	A	9.40%
Vanguard Short-Term Corp	A	0.09%
Fidelity Floating Rate	B	5.15%
Blackrock Strategic Income	BB	0.03%
Templeton Global Total Return	BB	4.49%
Doubleline Total Return	BB	6.59%

SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
Notes to the Financial Statements
June 30, 2019

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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, 2019, Foundation’s bond mutual funds are subject to interest rate risk.

Investment Income

For the year ended June 30, 2019, components of investment income were as follows:

Interest and dividend income	\$	317,138
Net unrealized and realized gain		(46,415)
Investment management fees and taxes		(31,300)
Total Net Investment Income	\$	<u>239,423</u>

Fair Value Measurement

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices (unadjusted) for the identical assets in active markets, accessible at the measurement date. Level 1 inputs include exchange markets, dealer markets, brokered markets, and principal to principal markets.
- Level 2 inputs are inputs – other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets and quoted prices for identical or similar assets in markets that are not active.
- Level 3 inputs are unobservable inputs for an asset.

Investments that do not have a readily determinable fair value are recorded using net asset value (NAV). NAV is generally provided by the investment managers but the Foundation considers the reasonableness of the NAV, based on market information, to arrive at the fair value estimates for each investment.

The Foundation has the following recurring fair value measurements as of June 30, 2019:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investment held by the Foundation:				
Mutual Funds – Equities	\$ 5,025,422	5,025,422	-	-
Mutual Funds – Bonds	3,014,790	3,014,790	-	-
Exchange Traded – Equities	24,215	24,215	-	-
Exchange Traded – Fixed Income	<u>7,584</u>	<u>7,584</u>	-	-
Total investments subject to leveling	<u>\$ 8,072,011</u>	<u>8,072,011</u>	<u>-</u>	<u>-</u>
Investments measured at the net asset value (NAV):	\$ <u>-</u>			
Total investments	<u>\$ 8,072,011</u>			

SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
Notes to the Financial Statements
June 30, 2019

NOTE 4 – NON-GIFT REVENUE

The Foundation has recorded the estimated value of contributed goods and services received from various sources as non-gift revenue and expense. The Foundation has received non-gift revenue of \$291,779 from the College and \$138,351 from donors for the year ended June 30, 2019. The following is a summary of the classification of non-gift revenue:

Salaries & benefits	\$	249,397
Instructional supplies		103,415
Artwork		33,260
Facilities use SFCC		1,400
Operating expense		40,982
Student support		1,676
Total Non-Gift Revenue	\$	<u>430,130</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

The College provides office space, personnel, utilities, and general operating expenses to the Foundation. These amounts are included in non-gift revenue in the amount of \$291,779 and in general and administrative expenses of \$291,779. In addition, the Foundation will incur certain expenditures including various scholarships and programs that are paid through the College. The Foundation will reimburse the College for these items it has paid on behalf of the Foundation.

During the fiscal year 2019, members of the board of directors made new gifts to the Foundation totaling \$30,244.

NOTE 6 – RISK MANAGEMENT

The Foundation is physically housed within the College and the College provides office space, personnel, utilities, and general operating expenses to 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.

NOTE 7 – DUE TO SANTA FE COMMUNITY COLLEGE

The Foundation has amounts due to the College for projects and expenses paid on their behalf during the year in the amount of \$557,769, which is included in current liabilities as of June 30, 2019. These expenses are made up of general and administrative costs, special project costs, and foundation scholarships.

SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
Notes to the Financial Statements
June 30, 2019

NOTE 8 – ENDOWMENTS

On July 1, 2009, the Uniform Prudent Management of Institutional Funds Act became effective in New Mexico. If a donor has not provided specific instructions, state law permits the Board of Directors to authorize for expenditure the interest, dividends and net appreciation (realized and unrealized) of the investments of endowment funds.

The endowment spending policy provides that a maximum of up to 7% of the market value of the Long Term Investment Accounts invested for Endowments, calculated quarterly on the rolling average market value of the prior twelve quarters, will be made available for expenditures each year. Expenditures within the 7% limit will be made to realize the intended purposes of the Endowment, any total return above 7% will be returned to the endowment corpus unless an endowment donor explicitly specifies a different arrangement in the endowment gift instrument, and any unspent portion of the 7% will be returned to the corpus but may be available to support the designated purposes of the Endowment in the following fiscal year. The amount available for expenditure in the year ending June 30, 2019 is \$293,219.

As of June 30, 2019, the value of the Foundation's endowment portfolio was \$8,029,911 and the permanent endowment contributions were \$5,588,033.

NOTE 9 – SUBSEQUENT EVENTS

The Foundation has evaluated events subsequent to June 30, 2019 that would possibly require adjustment or disclosure in these financial statements, through October 31, 2019, the date that these statements were available to be issued. There were no events identified that require adjustment or disclosure as of June 30, 2019.

NOTE 10 – INCOME TAX MATTERS

The Internal Revenue Service has not examined any of the Form 990 tax returns. However, the Foundation's tax returns for 2019, 2018 and 2017 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.

OTHER INFORMATION

**INDEPENDENT AUDITOR’S 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**

To the Board of Directors
Santa Fe Community College Foundation
Santa Fe, New Mexico
and
Mr. Brian Colón, New Mexico State Auditor

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 Santa Fe Community College Foundation (the “Foundation”), a nonprofit organization and component unit of Santa Fe Community College, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated October 31, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal controls 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 organization'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.



Albuquerque, New Mexico
October 31, 2019

**SANTA FE COMMUNITY COLLEGE FOUNDATION
 (A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
 Summary of Auditors' Results
 June 30, 2019**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency identified that are not considered to be material weakness(es)? Yes None Reported

Non-compliance material to financial statements noted? Yes No

**SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
Schedule of Findings and Response
June 30, 2019**

B. Prior Year Audit Findings

No matters were reported.

C. Financial Statement Findings

No matters were reported

**SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
Exit Conference
June 30, 2019**

EXIT CONFERENCE

The contents of this report were discussed in the exit conference held on October 23, 2019 with the following in attendance.

Santa Fe Community College Foundation Personnel

Deborah Boldt, Executive Director

Dr. Rebecca K. Rowley, President

Adam Stramel, Board Member

Nick Telles, Vice President of Finance/CFO, SFCC

Amy Pell, CPA, Controller

Axiom Certified Public Accountants and Business Advisors LLC

Jaime Rumbaoa, CPA, CITP, CISA, CFE, Partner