



**GROW SANTA FE
COMMUNITY
COLLEGE
FOUNDATION**

**(A Component Unit of Santa Fe
Community College)**

Financial Statements

June 30, 2008

Moss Adams LLP
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(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)

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

Official Roster

June 30, 2008

Board of Directors

Heidi Tilton	President
Juanita Pascual	Secretary
Jeff Case	Treasurer
Larry Cheek	Member
Linda Siegle	Member

Administrative Personnel

Michael Zavelle	Executive Director
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Independent Auditors' Report

T 505-830-6200
F 505-830-6282

Board of Directors
The GROW Santa Fe Community College Foundation and
Mr. Hector Balderas
New Mexico State Auditor

We have audited the accompanying basic financial statements of GROW Santa Fe Community College Foundation (Foundation), (a component unit of Santa Fe Community College) as of and for the years ended June 30, 2008 and 2007 as listed in the table of contents. These financial statements are the responsibility of GROW Santa Fe Community College Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GROW Santa Fe Community College Foundation, as of June 30, 2008 and 2007 and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2008, on our consideration of GROW Santa Fe Community College Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

Board of Directors
The GROW Santa Fe Community College Foundation and
Mr. Hector Balderas
New Mexico State Auditor

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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 to 6 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Moss Adams LLP

Albuquerque, New Mexico
November 14, 2008

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008**

As a component unit of the Santa Fe Community College (SFCC), GROW Santa Fe Community College (GROW) has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*.

Overview of the Financial Statements

GROW's annual report consists of the Management's Discussion and Analysis (MD&A), which provides a broad narrative overview of its financial activities for the fiscal years ended June 30, 2008, 2007, and 2006, and the following, which comprise the basic financial statements:

1. Balance Sheet
2. Statement of Revenues, Expenses and Changes in Net Assets
3. Statement of Cash Flows
4. Notes to Financial Statements

The financial statements give an overall picture of the GROW's financial situation and should be read in conjunction with the MD&A.

The balance sheet of GROW provides both long-term and short-term information about the GROW's overall financial status. The Statement of Revenues, Expenses and Changes in Net Assets provides information about the operating revenues and expenses and the nonoperating revenues of the GROW. The Statement of Cash Flows provides information about the sources and uses of cash by the GROW. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

Condensed Financial Information

	2008	2007	2006
Current Assets	\$ 5,246,263	1,189,951	994,264
Long-Term Assets	470,311	459,986	467,642
Total Assets	<u>\$ 5,716,574</u>	<u>1,649,937</u>	<u>1,461,906</u>
Current Liabilities	<u>\$ 458,681</u>	242,186	246,549
Net Assets			
Unrestricted	829,136	601,094	485,945
Restricted expendable	1,785,533	588,689	676,605
Restricted unexpendable	2,643,224	217,968	52,807
Total net assets	<u>5,257,893</u>	<u>1,407,751</u>	<u>1,215,357</u>
Total liabilities and net assets	<u>\$ 5,716,574</u>	<u>1,649,937</u>	<u>1,461,906</u>
Operating Revenue			
Donations and transfer in from Education Foundation of Santa Fe	\$ 389,491	230,190	193,716
Nongift revenue	323,232	295,816	327,609
Total operating revenue	<u>712,723</u>	<u>526,006</u>	<u>521,325</u>
Operating Expenses			
General and administrative	451,134	256,023	186,373
Distributions to College	270,400	286,962	231,514
Total operating expenses	<u>721,534</u>	<u>542,985</u>	<u>417,887</u>
Operating (loss) income	<u>(8,811)</u>	<u>(16,979)</u>	103,438
Nonoperating Revenue			
Transfer in from Education Foundation of Santa Fe	3,546,296	3,164	443,226
Investment income, net	48,886	41,048	22,292
Contributions to permanent endowment	263,771	165,161	14,280
	<u>3,858,953</u>	<u>209,373</u>	<u>479,798</u>
Change in net assets	3,850,142	192,394	583,236
Net assets, beginning of year	<u>1,407,751</u>	<u>1,215,357</u>	632,121
Net assets, end of year	<u>\$ 5,257,893</u>	<u>1,407,751</u>	<u>1,215,357</u>

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008**

Financial Analysis

The balance sheet discloses information on assets, liabilities and net assets. GROW's total assets at June 30, 2008 of \$5,716,574 exceeded total liabilities of \$458,681, yielding total net assets of \$5,257,893. The total net assets showed an increase of approximately 300% for the 2008 fiscal year. Factors contributing to these increases were primarily due to increased contributions to the GROW's endowment due to transfer of funds from the Education Foundation of Santa Fe. GROW's total assets at June 30, 2007 of \$1,649,937 exceeded total liabilities of \$242,186 yielding total net assets of \$1,407,751. Total net assets showed an increase of 16% for the 2007 fiscal year. Factors contributing to these increases were primarily due to increased nongift revenue and increased transfers in from the Education Foundation of Santa Fe. Liabilities went from \$242,186 at June 30, 2007 to \$458,681 at June 30, 2008. Liabilities went from \$246,549 at June 30, 2006 to \$242,186 at June 30, 2007.

At June 30, 2008, the major portion of GROW's assets is its investments (71%) followed receivables (11%), cash (10%), and artwork collections (8%). The net increase in fair value of investments for fiscal year 2008 amounted to \$3,082,157, which was more than the previous year's net increase of \$81,235. 2008 year investment income was \$56,040 and 2007 year investment income was \$41,048. Contributions from permanent endowments were responsible for the increase in net assets of \$3,850,142 for 2008. Transfers in from the Education Foundation of Santa Fe of \$3,730,373 and \$443,226 were largely responsible for the 2008 and 2007 increases in net assets of \$3,850,142 and \$192,394, respectively.

Total operating revenues of \$712,273 were recorded at June 30, 2008. Nonoperating revenues were \$3,858,953. Total revenues increased 585% from the prior year, largely due to the increase in transfers in from the Education Foundation of Santa Fe. Total operating revenues of \$526,006 were recorded at June 30, 2007. Nonoperating revenues were \$44,212. Total revenues increased 27% from the year 2006 due primarily to increases in nongift revenue.

Total operating expenses for fiscal year 2008 were \$721,534, which represented a 33% increase in spending from the prior year. These increases were primarily general and administrative expenses and scholarship programs. Total operating expenses for fiscal year 2007 were \$542,985, which represents a 30% increase in spending from 2006. The increases in operating expenses in 2007 were primarily due to increasing general and administrative expenses as well as bond promotion costs.

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008**

Budgetary Highlights

None. The GROW does not have legally adopted budgets and therefore does not include budget information herein.

Capital Assets and Debt Administration

None. The GROW does not have capital assets or debt.

Factors Impacting Future Periods

None.

Contacting GROW's Financial Management

If you have questions about this report or need additional information, contact GROW Santa Fe Community College Foundation at 6401 Richards Avenue, Santa Fe, New Mexico 87508-4887.

GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
BALANCE SHEETS
June 30, 2008 and 2007

ASSETS

	2008	2007
Current Assets		
Cash and cash equivalents	\$ 564,988	211,211
Receivables, net	621,503	1,125
Investments	4,059,772	977,615
	<hr/>	<hr/>
Total current assets	5,246,263	1,189,951
Other Assets		
Artwork collections	470,311	459,986
	<hr/>	<hr/>
Total assets	\$ 5,716,574	1,649,937
	<hr/> <hr/>	<hr/> <hr/>

LIABILITIES AND NET ASSETS

Current Liabilities		
Due to Santa Fe Community College	\$ 458,681	242,186
	<hr/>	<hr/>
Contingencies		
Net Assets		
Unrestricted	829,136	601,094
Restricted, expendable	1,785,533	588,689
Restricted, unexpendable	2,643,224	217,968
	<hr/>	<hr/>
Total net assets	5,257,893	1,407,751
	<hr/>	<hr/>
Total liabilities and net assets	\$ 5,716,574	1,649,937
	<hr/> <hr/>	<hr/> <hr/>

See Notes to Financial Statements.

GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years Ended June 30, 2008 and 2007

	2008	2007
Operating Revenues		
Donations	\$ 198,361	230,190
Transfer in from Education Foundation of Santa Fe	191,130	-
Nongift revenue	323,232	295,816
Total operating revenues	<u>712,723</u>	<u>526,006</u>
Operating Expenses		
General and administrative expenses	451,134	256,023
Distributions to Santa Fe Community College	270,400	286,962
Total operating expenses	<u>721,534</u>	<u>542,985</u>
Operating (loss)	<u>(8,811)</u>	<u>(16,979)</u>
Nonoperating revenues		
Investment income	48,886	41,048
Transfer in from Education Foundation of Santa Fe	1,384,811	3,164
Total nonoperating revenues	<u>1,433,697</u>	<u>44,212</u>
Income before contributions to permanent endowments	<u>1,424,886</u>	<u>27,233</u>
Contributions to permanent endowments		
Transfer in from Education Foundation of Santa Fe	2,161,485	-
Donations	263,771	165,161
	<u>2,425,256</u>	<u>165,161</u>
Change in net assets	3,850,142	192,394
Net assets, beginning of year	<u>1,407,751</u>	<u>1,215,357</u>
Net assets, end of year	<u><u>\$ 5,257,893</u></u>	<u><u>1,407,751</u></u>

See Notes to Financial Statements.

GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2008 and 2007

	2008	2007
Cash Flows From Operating Activities		
Cash received from donors	\$ 198,361	230,190
Cash received from the Education Foundation of Santa Fe	191,130	-
Cash paid to beneficiaries and vendors	<u>(820,694)</u>	<u>(214,561)</u>
Net cash (used) provided by operating activities	<u>(431,203)</u>	15,629
Cash Flows from Noncapital Financing Activities		
Cash received from donors	263,771	165,161
Cash received from the Education Foundation of Santa Fe	<u>3,546,296</u>	<u>3,164</u>
Net cash provided by noncapital financing activities	<u>3,810,067</u>	168,325
Cash Flows From Investing Activities		
Purchase of investments	(4,375,087)	(1,803,000)
Redemption of investments	<u>1,350,000</u>	<u>1,470,000</u>
Net cash used by investing activities	<u>(3,025,087)</u>	<u>(333,000)</u>
Net increase (decrease) in cash and cash equivalents	353,777	(149,046)
Cash and cash equivalents at beginning of year	<u>211,211</u>	<u>360,257</u>
Cash and cash equivalents at end of year	<u>\$ 564,988</u>	<u>211,211</u>
Cash Flows From Operating Activities		
Operating income (loss)	\$ (8,811)	(16,979)
Adjustments to reconcile operating income (loss) to net cash (used) provided by operating activities		
Donation of artwork	(10,325)	(3,544)
Transfer of donated assets to College	-	52,248
Realized and unrealized gains on investments	(8,184)	(11,235)
Receivables	(620,378)	(498)
Due to Santa Fe Community College	<u>216,495</u>	<u>(4,363)</u>
Net cash (used) provided by operating activities	<u>\$ (431,203)</u>	<u>15,629</u>

See Notes to Financial Statements.

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities. GROW Santa Fe Community College Foundation (GROW) is 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 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 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 GROW; (2) provide liability insurance for GROW'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 GROW, reasonable information technology processing and support, including acquisition of appropriate hardware and software.

GROW is a nonprofit organization as described in Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

GROW meets the criteria under GASB No. 39 to qualify as a component unit of the Santa Fe Community College. GROW financial statements are discretely presented in the Santa Fe Community College audit report.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation. As a component unit of the Santa Fe Community College, GROW prepared its financial statements in accordance with the accounting disclosure and reporting requirements under Governmental Accounting Standards Board (GASB) pronouncements, as GROW meets the criteria of a governmental entity. GROW has no component units, related organizations, joint ventures, or jointly governed organizations. GROW's financial statements are reported using a flow of economic resources measurement focus and the full accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized as soon as the liability is incurred.

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Pursuant to GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, GROW has elected not to apply all relevant pronouncements of the Financial Accounting Standards Board except those that conflict with GASB pronouncements, not including those issued after November 30, 1989.

Cash and Cash Equivalents. GROW considers all highly liquid investments with a maturity of less than three months when purchased to be cash equivalents. At year end, GROW considers the amounts invested in the master repurchase agreement with Wells Fargo Bank of be cash equivalents.

Allowance for Doubtful Accounts. GROW uses the direct write-off method in recognizing uncollectible pledges receivable. Under this method, pledges are charged to operations when they are deemed by management to be uncollectible.

Investments. The investments policy allows GROW to invest its portfolio in equities, fixed-income and other investment strategies to maintain sufficient liquidity to meet projected (or budgeted) distribution requirements.

Collections. GROW 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 to acquire other items for collections.

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

Nonoperating Revenues. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions and other revenue sources that are defined as nonoperating 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 state appropriations, mill levies and investment income. Gifts and contributions are recognized when all applicable eligibility requirements have been met.

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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 as general and administrative expenses in the accompanying financial statements.

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 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 generally accepted accounting principles requires the use of management's estimates.

Income Taxes. Income taxes are not provided for in the financial statements since GROW is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation.

Fund Raising & Joint Cost Activities. GROW Fund raising activities include but are not limited to (a) annual giving program, (b) capital and endowment campaigns, (c) deferred and major giving programs, (d) special project campaigns, and (e) membership on the College's Chief Executive Officer Advancement Council. GROW did not have any joint activities during the year that requires allocation.

Net Assets. Unrestricted net assets represent resources whose use is not limited or restricted by donors. Unrestricted net assets have arisen from exchange transactions and receipt of unrestricted contributions. Restricted net assets represent those operating funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. Restricted expendable net assets are resources that the GROW is legally or contractually obligated to spend in accordance with imposed restrictions by third parties, such as donors. When an expense is incurred that can be paid using either restricted or unrestricted resources, GROW's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2. CASH AND INVESTMENTS

As of June 30, 2008, GROW's deposits were exposed to custodial credit risk as follows:

Insured	\$ 100,000
Uninsured and collateralized with securities held in the financial institution's name	464,988
Uninsured and uncollateralized	-
Cash and cash equivalents per financial statements	<u>\$ 564,988</u>

At June 30, 2008, GROW had an overnight yield repurchase agreement in the amount of \$449,989 with a one-day maturity. GROW's policy does not require pledged collateral from its Bank.

A summary of GROW's bank balances at June 30, 2008 follows:

Description	Bank	Balance per Bank
Operating account – overnight repurchase Agreement	Wells Fargo Bank	\$ 449,989
Operating account – checking	Wells Fargo Bank	114,999
Total amount deposited in bank		564,988
Less: FDIC coverage		100,000
Total uninsured funds – overnight repurchase agreement		<u>\$ 464,988</u>

A summary of investments at June 30, 2008 and 2007 follows:

	2008		2007	
	Cost	Fair Value	Cost	Fair Value
Certificates of deposit	\$ 380,000	383,364	417,000	415,658
Bonds	200,000	197,367	553,000	561,957
Money Market Mutual funds	3,479,041	3,479,041	-	-
	<u>\$ 4,059,041</u>	<u>4,059,772</u>	970,000	977,615

GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Components of investment return:	2008	2007
Interest income	\$ 57,052	29,813
Net realized (losses) gains	(7,153)	3,620
Net unrealized (losses) gains	<u>(1,013)</u>	<u>7,615</u>
Total	<u>\$ 48,886</u>	<u>41,048</u>

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, GROW will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

A summary of the Investments held by GROW at June 30, 2008 and GROW's exposure to custodial credit risk is as follows:

Custodial Credit Risk	
Bonds	<u>\$ 197,367</u>

Concentration of Credit Risk – Investments. Concentration risk is the risk of loss attributed to the magnitude of GROW's investment in a single issuer. Investments in any one issuer that represents 5% of more of total investments are considered to be exposed to concentrated credit risk 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.

Certificates of Deposit	
Grand Bank	\$ 95,316
Imperial Cap Bank	95,316
Discover Bank	95,357
First Priority Bank	97,375
Bonds	
Missouri Higher Ed Loan Auth	97,367
South Carolina Student Loan	50,000
Missouri Higher Ed Loan Auth	50,000
Money Market Mutual funds	<u>3,479,041</u>
	<u>\$ 4,059,772</u>

GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2. 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. Currently, GROW does not have a policy to limit its exposure to interest rate risk.

A summary of the investments held by GROW and the respective maturities at June 30, 2008, and the exposure to interest rate risk is as follows:

	<u>Fair Value</u>	<u>Maturity</u>
At interest rate risk		
Certificates of deposit		
Discover Bank	\$ 95,316	12/12/2008
First Priority Bank	95,316	12/12/2008
Imperial Capital Bank	95,357	12/12/2008
Grand Bank	<u>97,375</u>	12/18/2008
	<u>383,364</u>	
Bonds		
Missouri Higher Ed Loan Auth	97,367	7/01/2032
South Carolina Student Loan	50,000	6/01/2033
Missouri Higher Ed Loan Auth	<u>50,000</u>	5/01/2044
	<u>197,367</u>	
Money Market Mutual funds	<u>3,479,041</u>	
Total investments	<u>\$ 4,059,772</u>	

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. GROW does not have a policy on investment credit risk.

	<u>Amount</u>	<u>Moody's Rating</u>
At credit risk:		
Bonds		
Missouri Higher Ed Loan Auth	\$ 97,367	AAA
South Carolina Student Loan	50,000	AAA
Missouri Higher Ed Loan Auth	<u>50,000</u>	AAA
	<u>\$ 197,367</u>	

GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 3. DETAIL OF DEPOSIT AND INVESTMENT ACCOUNTS

Name of Bank/Broker	Account Type	Balance per Bank Statement	Reconciled Balance per Books
Deposit Accounts			
Wells Fargo	Deposit	\$ 114,999	114,999
Wells Fargo	Repurchase Agreement	449,989	449,989
		<u>\$ 564,988</u>	<u>564,988</u>
Investment Accounts			
Charles Schwab	Money Market Mutual Fund	\$ 169,936	169,936
AG Edwards	Certificates of Deposit	383,364	383,364
AG Edwards	Bonds	197,367	197,367
AG Edwards	Money Market Mutual fund	3,309,105	3,309,105
	Subtotal	<u>3,889,836</u>	<u>3,889,836</u>
	Total	<u>\$ 4,059,772</u>	<u>4,059,772</u>

NOTE 4. NONGIFT REVENUE

GROW has recorded the estimated value of contributed goods and services received from various sources as nongift revenue and expense. GROW has received nongift revenue of \$323,232 and \$295,816 from the College for years ended June 30, 2008 and 2007, respectively. The following is a summary of the classification of nongift revenue.

	2008	2007
Art and equipment	\$ 54,102	62,789
Salaries and benefits	169,774	145,703
Contract services	5,906	3,590
Bookkeeping and financial aid services	54,345	51,691
Facilities use	5,764	5,404
Supplies and other expenses	<u>33,341</u>	<u>26,639</u>
Total	<u>\$ 323,232</u>	<u>295,816</u>

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 5. SETTLEMENT AGREEMENT

The Settlement Agreement, signed on June 6, 2005 with the Foundation for the Santa Fe Community College (subsequently renamed as The Education Foundation of Santa Fe) (Education Foundation), required the Education Foundation to transfer certain assets to GROW. At June 30, 2008 and 2007, the Education Foundation had transferred assets with a fair market value of \$3,737,426 and \$446,372, respectfully, to GROW. At June 30, 2008, all but approximately \$55,000 in funds remained to be transferred to GROW from the Education Foundation. Of this amount, certain expenses to wind down the operations of the Education Foundation will be incurred, including the expenses of a final audit. Due to the uncertainty of the final amount to be received, if any, no receivable by GROW has been recorded.

**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***

Board of Directors
The GROW Santa Fe Community College Foundation and
Mr. Hector Balderas
New Mexico State Auditor

We have audited the basic financial statements of the GROW Santa Fe Community College Foundation (Foundation), a component unit of the Santa Fe Community College, as of and for the year ended June 30, 2008 and have issued our report thereon dated November 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Foundation's financial statements that is more than inconsequential will not be prevented or detected by the Foundation's internal control.

Board of Directors
The GROW Santa Fe Community College Foundation and
Mr. Hector Balderas
New Mexico State Auditor

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Foundation's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, Management, the State Auditor and is not intended to be, and should not be used by anyone other than these specified parties.

Moss Adams LLP

Albuquerque, New Mexico
November 14, 2008

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2008**

Prior Year Findings

None

Current Year Findings

None

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)
EXIT CONFERENCE
Year Ended June 30, 2008**

The contents of this report were discussed in an exit conference held on November 14, 2008.

Representing GROW Santa Fe Community College Foundation:

Ms. Heidi Tilton, President

Ms. Jean Marquardt, Executive Director

Gilda Espinoza, Associate Vice President for Finance and Administration

Representing Moss Adams LLP

Scott Eliason, Partner

Therese M. Sears, Supervisor

The financial statements were prepared with the assistance of Moss Adams LLP from the books and records of the GROW Santa Fe Community College Foundation.