



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

**FINANCIAL STATEMENTS**

**JUNE, 30, 2010**

**MOSS ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

# **TABLE OF CONTENTS**

## **GROW SANTA FE COMMUNITY COLLEGE FOUNDATION**

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

### **OFFICIAL ROSTER**

**INDEPENDENT AUDITORS' REPORT .....1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS .....3**

### **FINANCIAL STATEMENTS**

Balance Sheets .....7

Statements of Revenues, Expenses and Changes  
in Net Assets .....8

Statements of Cash Flows .....9

Notes to Financial Statements .....10

### **SUPPLEMENTARY DATA**

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* .....17

Schedule of Findings and Responses .....19

Exit Conference .....21

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

**Official Roster**

**June 30, 2010**

**Board of Directors**

Larry Cheek	President
Heidi Tilton	Vice President
Randy Grissom	Secretary
Jeff Case	Treasurer
Richard A. Abeles	Member
Robert Glick	Member
Baryalai (Baro) K. Shalazi	Member

**Administrative Personnel**

Deborah Boldt	Interim Executive Director
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## Independent Auditors' Report

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, 2010 and 2009 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2010 and 2009 and the changes in its financial position and its 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 15, 2010, 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 through 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.

*Mess Adams LLP*

Albuquerque, New Mexico  
November 15, 2010

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010**

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, 2010, 2009, and 2008, 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, 2010**

**Condensed Financial Information**

	2010	2009	2008
Current Assets	\$ 5,282,458	5,108,600	5,246,263
Long-Term Assets	<u>470,311</u>	<u>470,311</u>	<u>470,311</u>
Total Assets	<u>\$ 5,752,769</u>	<u>5,578,911</u>	<u>5,716,574</u>
Current Liabilities	<u>\$ 446,420</u>	<u>431,050</u>	<u>458,681</u>
Net Assets			
Unrestricted	775,598	694,390	829,136
Restricted expendable	1,769,584	1,722,865	1,785,533
Restricted unexpendable	<u>2,761,167</u>	<u>2,730,606</u>	<u>2,643,224</u>
Total net assets	<u>5,306,349</u>	<u>5,147,861</u>	<u>5,257,893</u>
<b>Total liabilities and net assets</b>	<u>\$ 5,752,769</u>	<u>5,578,911</u>	<u>5,716,574</u>
Operating Revenue			
Donations	\$ 217,057	308,034	389,491
Nongift revenue	<u>393,030</u>	<u>279,684</u>	<u>323,232</u>
<b>Total operating revenue</b>	<u>610,087</u>	<u>587,718</u>	<u>712,723</u>
Operating Expenses			
General and administrative	397,854	433,020	451,134
Distributions to College	<u>415,826</u>	<u>299,614</u>	<u>270,400</u>
<b>Total operating expenses</b>	<u>813,680</u>	<u>732,634</u>	<u>721,534</u>
Operating loss	<u>(203,593)</u>	<u>(144,916)</u>	<u>(8,811)</u>
Nonoperating Revenue			
Transfer in from Education Foundation of Santa Fe		-	3,546,296
Investment (loss) income, net	331,520	(52,488)	48,886
Contributions to permanent endowment	<u>30,561</u>	<u>87,382</u>	<u>263,771</u>
	<u>362,081</u>	<u>34,894</u>	<u>3,858,953</u>
<b>Change in net assets</b>	<b>158,488</b>	<b>(110,032)</b>	<b>3,850,142</b>
Net assets, beginning of year	<u>5,147,861</u>	<u>5,257,893</u>	<u>1,407,751</u>
Net assets, end of year	<u>\$ 5,306,349</u>	<u>5,147,861</u>	<u>5,257,893</u>

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010**

**Financial Analysis**

The balance sheet discloses information on assets, liabilities and net assets. GROW's total assets at June 30, 2010 of \$5,752,769 exceeded total liabilities of \$446,420, yielding total net assets of \$5,306,349. The total net assets showed an increase of approximately 3% for the 2010 fiscal year. The primary factor contributing to this net increase is an increase in investment income. GROW's total assets at June 30, 2009 of \$5,578,911 exceeded total liabilities of \$431,050 yielding total net assets of \$5,147,861. Total net assets showed a decrease of 2.1% for the 2009 fiscal year. Factors contributing to these decreases were primarily due to decreased contributions to the GROW's endowment and decreases in investment income. Liabilities increased from \$431,050 at June 30, 2009 to \$446,420 at June 30, 2010. Liabilities went from \$458,681 at June 30, 2008 to \$431,050 at June 30, 2009.

At June 30, 2010, the major portion of GROW's assets is its investments (74%) followed by cash (17%) and art collections (8%). The net decrease in fair value of investments for fiscal year 2010 amounted to \$279,308, which was less than the previous year's net increase of \$504,061. The investment income for 2010 was \$331,520 and 2009 investment income was \$(52,498).

Total operating revenues of \$610,087 were recorded at June 30, 2010. Nonoperating revenues were \$331,520. Total revenues increased 76% from the prior year, largely due to the increase in investment income. Total operating revenues of \$587,718 were recorded at June 30, 2009. Nonoperating revenues were \$(52,498) at June 30, 2009. Total revenues decreased 86% from the prior year, largely due to the decrease in transfers from the Education Foundation of Santa Fe in 2008.

Total operating expenses for fiscal year 2010 were \$813,680, which represented an 11% increase in spending from the prior year. These increases were primarily due to scholarship programs. Total operating expenses for fiscal year 2009 were \$732,634, which represented a 2.0% increase in spending from the prior year. The increases in operating expenses in 2008 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, 2010**

**Budgetary Highlights**

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

**Capital Assets and Debt Administration**

None. 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, 2010 and 2009**

**ASSETS**

	2010	2009
Current Assets		
Cash and cash equivalents	\$ 995,767	504,560
Receivables, net	2,166	40,207
Investments	4,284,525	4,563,833
	<hr/>	<hr/>
<b>Total current assets</b>	<b>5,282,458</b>	<b>5,108,600</b>
Other Assets		
Artwork collections	470,311	470,311
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 5,752,769</b>	<b>5,578,911</b>
	<hr/> <hr/>	<hr/> <hr/>

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Due to Santa Fe Community College	\$ 446,420	431,050
	<hr/>	<hr/>
Contingencies		
Net Assets		
Unrestricted	775,598	694,390
Restricted, expendable	1,769,584	1,722,865
Restricted, unexpendable	2,761,167	2,730,606
	<hr/>	<hr/>
<b>Total net assets</b>	<b>5,306,349</b>	<b>5,147,861</b>
	<hr/>	<hr/>
<b>Total liabilities and net assets</b>	<b>\$ 5,752,769</b>	<b>5,578,911</b>
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*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, 2010 and 2009**

	2010	2009
Operating Revenues		
Donations	\$ 217,057	308,034
Nongift revenue	366,053	279,684
Other revenues	26,977	-
<b>Total operating revenues</b>	<u>610,087</u>	<u>587,718</u>
Operating Expenses		
General and administrative expenses	397,854	433,020
Distributions to Santa Fe Community College	415,826	299,614
<b>Total operating expenses</b>	<u>813,680</u>	<u>732,634</u>
<b>Operating loss</b>	<u>(203,593)</u>	<u>(144,916)</u>
Nonoperating revenues		
Investment income (loss), net	331,520	(52,498)
<b>Total nonoperating revenues</b>	<u>331,520</u>	<u>(52,498)</u>
<b>Income (loss) before contributions to permanent endowments</b>	<u>127,927</u>	<u>(197,414)</u>
Contributions to permanent endowments		
Donations	30,561	87,382
	<u>30,561</u>	<u>87,382</u>
<b>Change in net assets</b>	<b>158,488</b>	<b>(110,032)</b>
Net assets, beginning of year	<u>5,147,861</u>	5,257,893
<b>Net assets, end of year</b>	<u><u>\$ 5,306,349</u></u>	<u>5,147,861</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, 2010 and 2009**

	2010	2009
Cash Flows From Operating Activities		
Cash received from donors	\$ 282,075	305,354
Cash paid to beneficiaries and vendors	(432,257)	(518,108)
<b>Net cash (used) by operating activities</b>	<b>(150,182)</b>	<b>(212,754)</b>
Cash Flows from Noncapital Financing Activities		
Cash received from donors for permanent endowments	30,561	87,382
Cash received from the Education Foundation of Santa Fe	-	600,000
<b>Net cash provided by noncapital financing activities</b>	<b>30,561</b>	<b>687,382</b>
Cash Flows From Investing Activities		
Purchase of investments	(55,694)	(4,748,868)
Redemption of investments	460,594	4,141,534
Interest and dividend income	59,918	67,456
Realized gain on investments	146,010	4,822
<b>Net cash provided (used) by investing activities</b>	<b>610,828</b>	<b>(535,056)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>491,207</b>	<b>(60,428)</b>
Cash and cash equivalents at beginning of year	<u>504,560</u>	<u>564,988</u>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 995,767</b>	<b>504,560</b>
Cash Flows From Operating Activities		
Operating (loss)	\$ (203,593)	(144,916)
Adjustments to reconcile operating (loss) to net cash used by operating activities		
Receivables (operating only)	38,041	(40,207)
Due to Santa Fe Community College	15,370	(27,631)
<b>Net cash used by operating activities</b>	<b>\$ (150,182)</b>	<b>(212,754)</b>

*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, 2010**

**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 509(a)(1) 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. GROW has no component units.

*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, 2010**

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

GROW has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. GROW has elected not to apply FASB pronouncements issued after the applicable date.

*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, alternative investments, and other investment strategies to maintain sufficient liquidity to meet projected (or budgeted) distribution requirements. Alternative investments at June 30, 2010 carried in GROW's financial statements include hedge funds.

*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 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, 2010**

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

*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.

*Reclassifications.* Certain reclassifications were made to 2009 information to conform to 2010 presentation.

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**NOTE 2. CASH AND INVESTMENTS**

As of June 30, 2010, GROW's deposits were exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and collateralized with securities held in the financial institution's name	611,357
Uninsured and uncollateralized	<u>131,914</u>
Cash and cash equivalents per bank	<u>\$ 993,271</u>

At June 30, 2010, GROW had an overnight yield repurchase agreement in the amount of \$611,357 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, 2010 follows:

Description	Bank	Balance per Bank
Operating account – overnight repurchase agreement	Wells Fargo Bank	\$ 611,357
Operating account – checking	Wells Fargo Bank	40,000
Restricted account – checking	Wells Fargo Bank	<u>341,914</u>
Total amount deposited in bank		993,271
FDIC coverage		<u>(250,000)</u>
Total uninsured funds		743,271
Overnight repurchase agreement		<u>(611,357)</u>
Total uninsured funds – net of overnight repurchase agreement		<u>\$ 131,914</u>

A summary of investments at June 30, 2010 and 2009 follows:

	<u>2010</u>		<u>2009</u>	
	Cost	Fair Value	Cost	Fair Value
Money Market Mutual Funds	\$ 377,233	377,233	1,115,683	1,115,683
Equities Mutual Fund	727,719	776,954	609,163	520,203
Bond Mutual Fund	1,289,136	1,315,466	1,013,763	1,065,037
Hedge Funds	<u>1,835,060</u>	<u>1,814,872</u>	1,950,000	1,862,910
	<u>\$ 4,229,148</u>	<u>4,284,525</u>	<u>4,688,609</u>	<u>4,563,833</u>



**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

Components of investment return (loss):	<b>2010</b>	2009
Interest and dividend income	\$ 59,918	67,456
Net realized gains	146,010	4,822
Net unrealized gains (losses)	125,592	(124,776)
Total	<u>\$ 331,520</u>	<u>(52,498)</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, 2010 and GROW's exposure to custodial credit risk is as follows:

Custodial Credit Risk

<u>Investment Type</u>	<u>Custodian</u>	<u>Fair Value</u>
Money Market Mutual Funds	Fidelity Investments	\$ 377,233
Equities Mutual Fund	Pershing Investments	776,954
Bond Mutual Fund	Fidelity Investments	<u>1,315,466</u>
		<u>2,469,653</u>
Alternative Investments		
Hedge Funds	Caledonian	592,033
Hedge Funds	Goldman Sachs	<u>1,222,839</u>
		<u>1,814,872</u>
		<u>\$ 4,284,525</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% or 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. There were no investments in a single issuer that represents 5% or more of total investments at June 30, 2010 and 2009.

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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. There were no investments held by GROW exposed to interest rate risk as of June 30, 2010 and 2009.

*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.

**NOTE 3. DETAIL OF DEPOSIT AND INVESTMENT ACCOUNTS**

Name of Bank/Broker	Account Type	Balance per Bank Statement	Reconciled Balance per Books
<b>Deposit Accounts</b>			
Wells Fargo	Deposit Account	\$ 40,000	40,000
Wells Fargo	Repurchase Agreement	611,357	615,932
Wells Fargo	Restricted Deposit Account	341,914	339,835
		<u>\$ 993,271</u>	<u>995,767</u>
<b>Investment Accounts</b>			
1 <sup>st</sup> Santa Fe Wealth Advisors	Equities Mutual Fund	\$ 776,954	776,954
1 <sup>st</sup> Santa Fe Wealth Advisors	Bond Mutual Fund	1,315,466	1,315,466
1 <sup>st</sup> Santa Fe Wealth Advisors	Hedge Funds	1,814,872	1,814,872
1 <sup>st</sup> Santa Fe Wealth Advisors	Money Market Funds	377,233	377,233
	Total	<u>\$ 4,284,525</u>	<u>4,284,525</u>

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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 \$366,053 and \$279,684 from the College for years ended June 30, 2010 and 2009, respectively. The following is a summary of the classification of nongift revenue.

	<b>2010</b>	2009
Art and equipment	<b>\$ 118,568</b>	54,455
Salaries and benefits	<b>176,555</b>	133,246
Contract services	-	32,327
Bookkeeping and financial aid services	<b>61,962</b>	42,078
Facilities use	<b>3,246</b>	3,246
Supplies and other expenses	<b><u>5,722</u></b>	<u>14,332</u>
 Total	 <b><u>\$ 366,053</u></b>	 <u>279,684</u>

**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, 2010 and have issued our report thereon dated November 15, 2010. 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 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies,

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

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. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 10-01, that we consider to be a significant deficiency in internal control over financial reporting. 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.

#### 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*.

The Foundation's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Foundation's response and, accordingly, we express no opinion on it.

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.

*Mess Adams LLP*

Albuquerque, New Mexico  
November 15, 2010

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2010**

**Prior Year Findings**

None

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2010**

**Current Year Finding**

**10-01 Bank Reconciliations Not Reviewed**

**CONDITION**

Monthly bank reconciliations over cash accounts are not being effectively reviewed.

**CRITERIA**

Proper internal control structure requires an appropriate segregation of duties so as to provide reasonable assurance with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

**EFFECT**

The lack of bank reconciliation review causes an internal control design flaw which may result in a misstatement of the cash balance.

**CAUSE**

Recent turnover in the GROW accounting office resulted in inappropriate change to the design of the control structure.

**RECOMMENDATION**

We recommend GROW institute a procedures and policies to ensure at least one level of independent review over the monthly bank reconciliations.

**MANAGEMENT RESPONSE**

The College Accounting Office will review and approve the bank reconciliations on a monthly basis.

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
EXIT CONFERENCE  
Year Ended June 30, 2010**

The contents of this report were discussed in an exit conference held on November 8, 2010.

**Representing GROW Santa Fe Community College Foundation:**

Mr. Larry Cheek, President

Mr. Jeff Case, Treasurer

Ms. Deborah Boldt, Executive Director

Gilda Espinoza, Associate Vice President for Finance and Administration

**Representing Moss Adams LLP**

Scott Eliason, Partner

Tom Downey, In-Charge

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.