

**GROW SANTA FE COMMUNITY COLLEGE  
FOUNDATION (A COMPONENT UNIT OF  
SANTA FE COMMUNITY COLLEGE)  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

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**June 30, 2012**

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**June 30, 2012**

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**Board of Directors**

Larry Cheek	President
Heidi Tilton	Vice President
Jeff Case	Treasurer
Randy Grissom	Secretary
Richard Abeles	Member
Rachel Belash	Member
Carole Brito	Member
Gay Dillingham	Member
Robert Glick	Member
Sheila Ortego	Member
Rosemary Palazzi Mulcahy	Member
Tomas C. Schwab	Member
Baryalai K. Shalizi	Member
Nancy Witter	Member

**Administrative Officials**

Deborah Boldt	Executive Director
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**ABEYTA • WEINER • CHERNE P.C.**  
Certified Public Accountants

## **Independent Auditors' Report**

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Board of Directors  
GROW Santa Fe Community College Foundation  
Santa Fe, New Mexico

We have audited the accompanying balance sheet of GROW Santa Fe Community College Foundation (the Foundation), a component unit of Santa Fe Community College as of June 30, 2012, and the related statement of revenues, expenses and changes in net assets and cash flows as of and for the year then ended, which collectively comprise the Foundation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the Foundation, as of June 30, 2012, and the respective changes in its net assets and its cash flows, for the year 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 December 14, 2012 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements. The additional schedule listed as "Schedule of Cash and Investments" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*A. Beyta, Weiner & Cherna, P.C.*

Santa Fe, New Mexico  
December 14, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As a component unit of the Santa Fe Community College (SFCC), GROW Santa Fe Community College Foundation (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 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, 2012, 2011 and 2010 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 non-operating revenues of GROW. The Statement of Cash Flows provides information about the sources and uses of cash by GROW. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

**Condensed Financial Information**

	2012	2011	2010
<b>Assets</b>			
Current assets	\$ 5,816,200	\$ 6,107,409	\$ 5,282,458
Long-term assets	470,311	470,311	470,311
<b>Total Assets</b>	<b>\$ 6,286,511</b>	<b>\$ 6,577,720</b>	<b>\$ 5,752,769</b>
<b>Current Liabilities</b>			
	\$ 612,079	\$ 484,492	\$ 446,420
<b>Net Assets</b>			
Unrestricted	854,061	1,041,642	775,598
Restricted expendable	1,887,542	2,230,307	1,769,584
Restricted unexpendable	2,932,829	2,821,279	2,761,167
<b>Total Net Assets</b>	<b>5,674,432</b>	<b>6,093,228</b>	<b>5,306,349</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,286,511</b>	<b>\$ 6,577,720</b>	<b>\$ 5,752,769</b>

**Condensed Financial Information (Continued)**

	2012	2011	2010
<b>Operating Revenue</b>			
Gifts	\$ 269,665	\$ 786,314	\$ 217,057
Nongift revenue	202,809	203,240	393,030
Other	2,712		
	<u>475,186</u>	<u>989,554</u>	<u>610,087</u>
<b>Operating Expenses</b>			
General and administrative	262,305	257,917	397,854
Contributions to SFCC	737,258	431,765	415,826
	<u>999,563</u>	<u>689,682</u>	<u>813,680</u>
<b>Operating Income (Loss)</b>	<u>(524,377)</u>	<u>299,872</u>	<u>(203,593)</u>
<b>Non-Operating Revenue</b>			
Investment income (loss), net	<u>(8,345)</u>	<u>426,895</u>	<u>331,520</u>
Contributions to permanent endowment	<u>113,926</u>	<u>60,112</u>	<u>30,561</u>
<b>Change in Net Assets</b>	<u>(418,796)</u>	<u>786,879</u>	<u>158,488</u>
<b>Net Assets, Beginning of Year</b>	<u>6,093,228</u>	<u>5,306,349</u>	<u>5,147,861</u>
<b>Net Assets, End of Year</b>	<u>\$ 5,674,432</u>	<u>\$ 6,093,228</u>	<u>\$ 5,306,349</u>

**Financial Analysis**

The Balance Sheet discloses information on assets, liabilities and net assets. GROW's total assets at June 30, 2012 of \$6,286,511 exceeded total liabilities of \$612,079, yielding total net assets of \$5,674,432. The total net assets showed a decrease of approximately 13% for the 2012 fiscal year. The primary factor contributing to this net decrease was a decrease in donations and investment income.

GROW's total assets at June 30, 2011 of \$6,577,720 exceeded total liabilities of \$484,492 yielding total net assets of \$6,093,228. Total net assets showed an increase of approximately 15% for the 2011 fiscal year. Factors contributing to these increases were primarily due to increases in donations and investment income. Liabilities increased from \$484,492 at June 30, 2011 to \$612,079 at June 30, 2012. Liabilities went from \$446,420 at June 30, 2010 to \$484,492 at June 30, 2011.



### **Financial Analysis (Continued)**

At June 30, 2012, the major portion of GROW's assets is its investments (75%) followed by cash (17%) and art collections (7%). The net increase in fair value of investments for fiscal year 2012 amounted to \$41,154, which was less than the previous year's net increase of \$354,722. Total investment loss, net of fees for June 30, 2012 was \$8,345 and 2011 total investment income was \$426,895.

Total operating revenues of \$475,186 were recorded at June 30, 2012. Nonoperating losses, net of fees was \$8,345. Total revenues decreased 67% from the prior year, largely due to the decrease in donations and investment income. Total operating revenues of \$989,554 were recorded at June 30, 2011. Non-operating revenues were \$426,895 at June 30, 2011.

Total operating expenses for fiscal year 2012 were \$999,563, which represented a 45% increase in spending from the prior year. The increases were primarily due to a increase in disbursements to Santa Fe Community College. Total operating expenses for fiscal year 2011 were \$689,682, which represented a 15% decrease in spending from 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.

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## **BASIC FINANCIAL STATEMENTS**

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

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**June 30,**

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	<u>2012</u>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 1,098,138
Receivables, net	5,000
Investments	<u>4,713,062</u>
<b>Total Current Assets</b>	<u>5,816,200</u>
<b>Non-Current Assets:</b>	
Artwork collections	<u>470,311</u>
<b>Total Assets</b>	<u><u>\$ 6,286,511</u></u>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>Current Liabilities:</b>	
Due to Santa Fe Community College	<u>\$ 612,079</u>
<b>Net Assets:</b>	
Unrestricted	854,061
Restricted, expendable	1,887,542
Restricted, unexpendable	<u>2,932,829</u>
<b>Total Net Assets</b>	<u>5,674,432</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 6,286,511</u></u>

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See Notes to Financial Statements

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
Statement of Revenues, Expenses and Changes in Net Assets**

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**For the Year Ended June 30,**

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	<u>2012</u>
<b>Operating Revenues</b>	
Gifts	\$ 269,665
Nongift revenue	202,809
Other revenues	<u>2,712</u>
<b>Total Operating Revenues</b>	<u>475,186</u>
<b>Operating Expenses</b>	
General and administrative expenses	262,305
Contributions to SFCC:	
Scholarships	281,870
Program Support	<u>455,388</u>
<b>Total Operating Expenses</b>	<u>999,563</u>
<b>Operating Loss</b>	<u>(524,377)</u>
<b>Non-Operating Revenues (Expenses)</b>	
Investment income	31,122
Investment management fees and taxes	<u>(39,467)</u>
<b>Total Non-Operating Revenue (Expenses)</b>	<u>(8,345)</u>
<b>Income Before Contributions to Permanent Endowments</b>	<u>(532,722)</u>
<b>Contributions to Permanent Endowments</b>	
Gifts	<u>113,926</u>
<b>Change in Net Assets</b>	(418,796)
Net Assets, Beginning of Year	<u>6,093,228</u>
Net Assets, End of Year	<u>\$ 5,674,432</u>

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See Notes to Financial Statements

Statement of Cash Flows

For the Year Ended June 30,

	<u>2012</u>
<b>Cash Flows From Operating Activities:</b>	
Cash received from donors	\$ 264,665
Cash received from other sources	2,712
Cash paid to SFCC for scholarships and program support	(609,671)
Cash paid for operating expenses	<u>(59,496)</u>
<b>Net Cash Used in Operating Activities</b>	<u>(401,790)</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>	
Cash received from donors for permanent endowments	113,926
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<u>113,926</u>
<b>Cash Flows From Investing Activities:</b>	
Purchases of investments	(2,573,002)
Proceeds from sale of investments	2,479,848
Interest and dividend income	83,122
Investment management fees	<u>(39,467)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(49,499)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(337,363)
Cash and Cash Equivalents, Beginning of Year	1,435,501
Cash and Cash Equivalents, End of Year	<u>\$ 1,098,138</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>	
Operating loss	\$ (524,377)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in:	
Receivables	(5,000)
Due to Santa Fe Community College	<u>127,587</u>
<b>Total Adjustments</b>	<u>122,587</u>
<b>Net Cash Used in Operating Activities</b>	<u>\$ (401,790)</u>
<b>Supplemental Disclosure of Non-Cash Investing Activities :</b>	
Change in fair value of investments	<u>\$ (214,845)</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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 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 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 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 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.

*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.

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

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*Investments.* Investments consist primarily of money market mutual funds, bond mutual funds, marketable securities and hedge funds. 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. Hedge funds are carried at fair value based on net asset value. The change in fair value is reported in investment income in the Statement of Revenues, Expenses, and Changes in Net Assets.

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 average market value of the three years' prior to January 1st. At the beginning of each fiscal year, GROW's board of directors will determine the potential distribution amount for each endowment fund for the ensuing fiscal year. GROW's spending policy complies with the requirements of the Laws of the State of New Mexico and Uniform Prudent Management of Institutional Funds Act.

In the fiscal year ending June 30, 2012, GROW's endowment portfolio was impacted by a market decline, thus some of the endowment accounts were "underwater." Asset values of underwater accounts are less than the permanent endowment contributions, due to allocated investment losses. As of June 30, 2012 the value of GROW's endowment portfolio was \$4,713,062 and the permanent endowment contributions were \$2,932,829.

*Artwork 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.

*Classification of Revenues.* GROW has classified its revenues as either operating or nonoperating 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.

*Nonoperating Revenues.* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, investment income 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.

When both restricted and unrestricted resources are available for use, generally it is GROW'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.

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

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

*Income Taxes.* GROW 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). GROW had no material unrelated business income during fiscal year 2012, therefore, no provision for income taxes is included in the financial statements.

*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 GROW is legally or contractually obligated to spend in accordance with imposed restrictions by third parties, such as donors.

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

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**NOTE 2. CASH AND INVESTMENTS**

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GROW's cash accounts are held in demand checking accounts at an institution with carrying amounts totaling \$1,098,138 at June 30, 2012. These amounts are fully insured by the FDIC.

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. GROW's investment in alternative investments at June 30, 2012 consisted of hedge funds.

A summary of investments at June 30, 2012 follows:

	<u>Fair Value</u>
Money Market Mutual Funds	\$ 574,772
Corporate Stocks	549,090
Mutual Funds - Equities	1,489,343
Mutual Funds - Bonds	1,539,281
Hedge Funds	560,576
	<u>\$ 4,713,062</u>

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Notes to Financial Statements

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

*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. GROW's exposure to custodial credit risk at June 30, 2012 is as follows:

Investment Type	Custodian	Fair Value
Money Market Mutual Funds	Fidelity Investments	\$ 574,772
Mutual Funds - Equities	Fidelity Investments	1,489,343
Corporate Stocks	Pershing Investments	549,090
Mutual Funds - Bonds	Fidelity Investments	1,539,281
		<u>4,152,486</u>
Hedge Funds	Citi Hedge Fund Services	527,392
Hedge Funds	Caledonian Fund Services	33,184
		<u>560,576</u>
		<u>\$ 4,713,062</u>

Both Fidelity and Pershing Investments are members of Securities Investor Protection (SIPC). As a result, securities are protected up to \$500,000. In addition to the SIPC protection, both Fidelity and Pershing 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 account limit of \$1.9 million for cash awaiting investment.

*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, 2012.

*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. At June 30, 2012, GROW's bond and money market mutual funds are subject to credit risk, however, they are unrated.

*Interest Rate Risk - Investments.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. GROW does not have a policy to limit its exposure to interest rate risk. At June 30, 2012, GROW's bond mutual funds are subject to interest rate risk, however, they are all unrated.

For the year ended June 30, 2012, components of investment return were as follows:

Interest and dividend income	\$ 83,122
Net realized gains	162,845
Net unrealized gains	(214,845)
	<u>\$ 31,122</u>

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**NOTE 3. NONGIFT REVENUE**

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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 \$164,130 from the College and \$38,679 from donors for the year ended June 30, 2012. The following is a summary of the classification of nongift revenue.

	<u>2012</u>
Art and equipment	\$ 9,925
Facilities use gallery space	<u>28,754</u>
	<u>38,679</u>
Salaries and benefits	88,332
Bookkeeping and financial aid services	61,962
Facilities use SFCC	3,246
Supplies and other expenses	<u>10,590</u>
	<u>164,130</u>
	<u>\$ 202,809</u>

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**NOTE 4. RELATED PARTY TRANSACTIONS**

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The College provides office space, personnel, utilities, and general operating expenses to GROW. These amounts are included in nongift revenue in the amount of \$164,130 and in general and administrative expenses of \$164,130. In addition, GROW will incur certain expenditures including various scholarships and programs that are paid through the College. GROW will reimburse the College for these items it has paid on behalf of GROW.

During the fiscal year 2012, members of the board of directors made new gifts to GROW totaling \$7,719.

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**NOTE 5. RISK MANAGEMENT**

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GROW is physically housed within the College and the College provides office space, personnel, utilities, and general operating expenses to GROW. GROW's exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters fall within the College's insurance coverage.

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**SUPPLEMENTARY INFORMATION**

**GROW SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
Schedule 1 - Schedule of Cash and Investments**

**As of June 30, 2012**

<u>Name of Depository/Broker</u>	<u>Account Type</u>	<u>Institution Balance</u>	<u>Reconciled Book Balance</u>
<b>Deposits</b>			
Wells Fargo	Deposit	\$ 225,190	\$ 225,190
Wells Fargo	Restricted Deposit	872,948	872,948
		<u>\$ 1,098,138</u>	<u>\$ 1,098,138</u>
<b>Investment Accounts</b>			
Fidelity Investments	Mutual Funds - Equities	\$ 1,489,343	\$ 1,489,343
Fidelity Investments	Mutual Funds - Bonds	1,539,281	1,539,281
Fidelity Investments	Money Market Mutual Funds	574,772	574,772
Pershing Investments	Corporate Stocks	549,090	549,090
Citi Hedge Fund Services	Hedge Funds	527,392	527,392
Caledonian Fund Services	Hedge Funds	33,184	33,184
		<u>\$ 4,713,062</u>	<u>\$ 4,713,062</u>

## **OTHER INFORMATION**



**ABEYTA • WEINER • CHERNE P.C.**  
Certified Public Accountants

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

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Board of Directors  
GROW Santa Fe Community College Foundation  
Santa Fe, New Mexico

We have audited the financial statements of the GROW Santa Fe Community College Foundation (the Foundation) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012. 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**

Management of the Foundation is responsible for establishing and maintaining effective 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis.

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, 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 certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting as finding 12-01. 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*.

We also noted certain other matters that are required to be reported pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and responses as finding 12-02.

The Foundation's responses to the findings identified in our audit are 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 management, others within the Foundation, Santa Fe Community College and the New Mexico State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*A beyta, Wainer & Cherne, P. C.*

December 14, 2012



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**I. SUMMARY OF AUDITORS' RESULTS**

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***Financial Statements***

Type of auditors' report issued

Unqualified

Internal control over financial reporting:

Material weakness(es) reported?

Yes  No

Significant deficiency(s) reported that are not considered to be material weakness(es)?

Yes  None Reported

Non-compliance material to financials statements noted?

Yes  No

Other matters as required by New Mexico State Statute, 12-6-5, NMSA 1978?

Yes  No

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**II. FINANCIAL STATEMENT FINDINGS**

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**12-01 REALIZED AND UNREALIZED GAINS AND LOSSES (SIGNIFICANT DEFICIENCY)**

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CONDITION

GROW does not reconcile realized and unrealized investment gain/losses to separate accounts on the general ledger.

CRITERIA

In order to complete the Statement of Cash Flows on the direct method and the Internal Revenue Service Form 990 filing, (1) the composition of realized gains/losses by proceeds and cost basis must be maintained and reconciled to the general ledger, and (2) the unrealized gains/losses must be maintained and reconciled to the general ledger.

CAUSE

The consolidated monthly performance evaluation statement, provided by GROW's investment advisor, does not contain a detail of current month and year-to-date realized gains/losses.

EFFECT

GROW does not maintain its general ledger to ensure the efficient and correct preparation of the Statement of Cash Flows on the direct method and the Internal Revenue Service Form 990 filing.

RECOMMENDATION

GROW should request that its investment advisor provide statements which include current month and year-to-date realized gains/losses.

MANAGEMENT RESPONSE

We are meeting with First Santa Fe Advisors, our investment advisors, in January, 2013 to discuss the reporting required by the Auditors in order to complete the statement of cash flows so that realized and unrealized gains and losses will be maintained and reconciled to the general ledger.

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**III. OTHER MATTERS**

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**12-02 LATE FINANCIAL AUDIT REPORT (OTHER)**

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CONDITION

GROW issued the audit report subsequent to the November 15, 2012 deadline required by the NM State Auditor.

CRITERIA

State Audit Rule 2.2.2.9(A), NMAC states that Colleges and Universities are required to submit the audit report for the year ended June 30, 2012 on or before November 15, 2012.

CAUSE

Due to the Santa Fe Community College financial statement for the year ended June 30, 2012 being submitted late, GROW was unable to submit the June 30, 2012 audit report on a timely basis.

EFFECT

GROW is not in compliance with State of New Mexico State Audit Rule.

RECOMMENDATION

GROW must ensure that all future audit reports are filed in a timely manner. GROW should ensure this process is timely in the future through communication with the State Auditor.

MANAGEMENT RESPONSE

The circumstance of the late filing was beyond our control due to the College filing late.

**IV. STATUS OF PRIOR YEAR FINDINGS**

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None

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**Closing Conference**

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A closing conference was held on November 14, 2012, to discuss the audit report and current and prior year auditor's comments. The parties agreed to the factual accuracy of the comments contained herein. In attendance were the following individuals:

*Representing GROW Santa Fe Community College Foundation*

Deborah Boldt	GROW Executive Director
Rick Abeles	President
Jeff Case	Treasurer and Chair, Finance Committee

*Representing Abeyta, Weiner & Cherne, P.C.*

Sean S. Weiner	Principal
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**Disclosure required by 2.2.2.8 J (4) NMAC - Financial Statement Presentation**

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The financial statements were prepared with the assistance of Abeyta, Weiner & Cherne, P.C. from the books and records of GROW Santa Fe Community College Foundation.

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