

GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Financial Statements with
Independent Auditors' Report
For the Year Ended
June 30, 2013



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

**Financial Statements with
Independent Auditors' Report**

**For the Year Ended
June 30, 2013**

GROW Santa Fe Community College Foundation

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GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Official Roster
June 30, 2013

Board of Directors

Richard Abeles	President
Rosemary Palazzi Mulcahy	Vice President
Randy Grissom	Secretary
Jeff Case	Treasurer
Rachel Belash	Member
Lucy Bettis	Member
Carole Brito	Member
Larry Cheek	Member
Gay Dillingham	Member
Robert Glick	Member
Ana Guzman	Member
Thomas Schwab	Member
Baryalai Shalizi	Member
Nancy Witter	Member
Bonifacio Armijo	Member

Administrative Officials

Deborah Boldt	Executive Director
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Accounting & Consulting Group, LLP
Certified Public Accountants

Independent Auditor's Report

Hector H. Balderas
New Mexico State Auditor
The U.S. Office of Management and Budget and
Board of Directors
GROW Santa Fe Community College Foundation
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of GROW Santa Fe Community College Foundation (the Foundation), a component unit of Santa Fe Community College, which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2013, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 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. Management has included this section, however there are required elements of the management's discussion and analysis that have been omitted that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Cash and Investments, 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2013, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Foundation's internal control over financial reporting and compliance.

Accounting & Consulting Group, L.L.P.

Accounting and Consulting Group, LLP
Certified Public Accountants
Albuquerque, New Mexico
November 7, 2013

Management's Discussion and Analysis

GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Management's Discussion and Analysis
June 30, 2013

Financial Analysis

The Statement of Net Position discloses information on assets, liabilities and net position. GROW's total assets at June 30, 2013 of \$6,735,402 exceeded total liabilities of \$656,394, yielding a total net position of \$6,079,008. The total net position showed an increase of approximately 7% for the 2013 fiscal year. The primary factor contributing to this net increase was an increase in donations and investment income.

GROW's total assets at June 30, 2012 of \$6,286,511 exceeded total liabilities of \$612,079, yielding a total net position of \$5,674,432. The total net position 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.

At June 30, 2013, the major portion of GROW's assets is its investments (76%) followed by cash (17%) and art collections (7%). Investment income, including interest and dividends, realized gains, and unrealized gains, for fiscal year 2013 amounted to \$546,260, which was greater than the previous year's investment income of \$41,154. Total investment gain, net of fees for June 30, 2013 was \$501,930 and 2012 total net investment income was (\$8,345).

Total operating revenues of \$720,808 were recorded at June 30, 2013. Non-operating revenues, net of fees were \$501,930. Total revenues increased 39% from the prior year, largely due to the increase in donations and investment income. Total operating revenues of \$475,186 were recorded at June 30, 2012. Non-operating revenues were (\$8,345) at June 30, 2012.

Total operating expenses for fiscal year 2013 were \$884,126, which represented a 12% decrease in spending from the prior year. The decreases were primarily due to a decrease in disbursements to Santa Fe Community College. Total operating expenses for fiscal year 2012 were \$999,563, which represented a 45% increase in spending from 2011.

GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Statement of Net Position
June 30, 2013

Current Assets	
Cash and Cash Equivalents	\$ 1,123,911
Investments, at fair value	<u>5,141,180</u>
Total Current Assets	<u>6,265,091</u>
Noncurrent Assets	
Artwork collections	<u>470,311</u>
Total Assets	<u><u>\$ 6,735,402</u></u>
Current Liabilities	
Annuity Payable, current portion	\$ 3,650
Due to Santa Fe Community College	<u>631,972</u>
Total Current Liabilities	<u>635,622</u>
Noncurrent Liabilities	
Annuity Payable, less current portion	<u>20,772</u>
Total Liabilities	<u>656,394</u>
Net Position	
Unrestricted	870,007
Restricted, expendable	2,210,207
Restricted, unexpendable	<u>2,998,794</u>
Total Net Position	<u>6,079,008</u>
Total Liabilities and Net Position	<u><u>\$ 6,735,402</u></u>

The accompanying notes are an integral part of these financial statements

GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013

Operating Revenues	
Gifts	\$ 511,439
Non-Gift revenue	209,214
Other revenues	<u>155</u>
Total Operating Revenues	<u>720,808</u>
 Operating Expenses	
General and administrative	258,301
Contributions to SFCC:	
Scholarships	280,483
Program support	<u>345,342</u>
Total Operating Expenses	<u>884,126</u>
 Operating Loss	 <u>(163,318)</u>
 Non-Operating Revenues (Expenses)	
Investment income	546,260
Investment management fees and taxes	<u>(44,330)</u>
Total Non-Operating Revenue (Expenses)	<u>501,930</u>
 Income Before Contributions to Permanent Endowments	 <u>338,612</u>
 Contributions to Permanent Endowments	
Gifts	<u>65,964</u>
Change in Net Position	404,576
Net Position, Beginning of the Year	<u>5,674,432</u>
Net Position, End of the Year	<u><u>\$ 6,079,008</u></u>

The accompanying notes are an integral part of these financial statements

GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Statement of Cash Flows
For the Year Ended June 30, 2013

Cash Flows from Operating Activities:	
Cash received from donors	\$ 516,440
Cash received from other sources	155
Cash paid to SFCC for scholarships and program support	(605,932)
Cash paid for operating expenses	<u>(49,088)</u>
Net Cash Used by Operating Activities	<u><u>(138,425)</u></u>
Cash Flows from Non-Capital Financing Activities	
Cash received from donors for permanent endowments	<u>65,964</u>
Net Cash Provided by Non-Capital Financing Activities	<u><u>65,964</u></u>
Cash Flows from Investing Activities	
Purchase of investments	(2,332,066)
Proceeds from sale of investments	2,362,928
Interest and dividend income	111,702
Investment management fees	<u>(44,330)</u>
Net Cash Provided by Investing Activities	<u><u>98,234</u></u>
Net Increase in Cash and Cash Equivalents	25,773
Cash and Cash Equivalents, beginning of year	<u>1,098,138</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 1,123,911</u></u>
Reconciliation of Operating Loss to Net Cash	
Used by Operating Activities:	
Operating loss	\$ (163,318)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in:	
Receivables	5,000
Due to Santa Fe Community College	<u>19,893</u>
Total Adjustments	<u><u>24,893</u></u>
Net Cash Used by Operating Activities	<u><u>\$ (138,425)</u></u>
Supplemental Disclosure of Non-Cash Investing Activities:	
Change in fair value of investments	<u><u>\$ 283,322</u></u>

The accompanying notes are an integral part of these financial statements

GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Notes to the Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies

Nature of Organization

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

During the year ended June 30, 2013, the Foundation adopted GASB Statements No. 60 through 63. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The Foundation does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34 modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

The significant accounting policies utilized by the Foundation in the preparation of the financial statements are described below.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of less than three months when purchased to be cash equivalents.

GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Notes to the Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies (continued)

Allowance for Doubtful Accounts

The Foundation uses the direct write-off method in recognizing uncollectible pledges receivable. Under this method, pledges are charged to operations when they are deemed by management to be uncollectible.

Investments

Investments consist primarily of money market mutual funds, bond mutual funds and marketable securities. Marketable securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at amortized cost, which approximates fair value. The change in fair value is reported in the investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

The endowment spending policy is subject to annual review and provides that the annual amount of potential distributions from each endowment fund shall be limited to a maximum of 7% of the average market value of the three years' prior to January 1st. At the beginning of each fiscal year, the Foundation's board of directors will determine the potential distribution amount for each endowment fund for the ensuing fiscal year. 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.

Artwork Collections

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

Annuity Payable

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

Classification of Revenues

The Foundation has classified its revenues as either operating or non-operating according to the following criteria:

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

Non-Operating Revenues. Non-operating revenues include activities that have the characteristics of non-exchange transactions, investment income and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9 *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34, such as investment income. Gifts and contributions are recognized when all applicable eligibility requirements have been met.

GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Notes to the Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies (continued)

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

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

Contributed Facilities and Services

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. Actual results could differ from those estimates.

Income Taxes

GROW is a nonprofit organization as described as a public charity under Section 509(a)(3) of the Internal Revenue Code and is exempt from federal and state income taxes under Section 501(c)(3). The Foundation had no material unrelated business income during fiscal year 2013, therefore, no provision for income taxes is included in the financial statements.

Net Position

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

Reclassifications

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

Note 2: Cash and Investments

The Foundation's cash accounts are held in demand checking accounts at an institution with carrying amounts totaling \$1,123,911 at June 30, 2013.

GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Notes to the Financial Statements
June 30, 2013

Note 2: Cash and Investments (continued)

The investment policy allows the Foundation to invest its portfolio in equities, fixed-income, alternative investments, and other investment strategies to maintain sufficient liquidity to meet projected distribution requirements. A summary of investments at June 30, 2013 follows:

Money Market Mutual Funds	\$	265,319
Corporate Stocks		686,624
Mutual Funds - Equities		2,802,525
Mutual Funds - Bonds		1,386,712
	<u>\$</u>	<u>5,141,180</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. GROW's exposure to custodial credit risk at June 30, 2013 is as follows:

Investment Type	Custodian	Fair Value
Money Market Mutual Funds	Fidelity Investments	\$ 265,319
Corporate Stocks	Pershing Investments	686,624
Mutual Funds - Equities	Fidelity Investments	2,802,525
Mutual Funds - Bonds	Fidelity Investments	1,386,712
		<u>\$ 5,141,180</u>

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

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investment in a single issuer. Investments in any one issuer that represents 5% or more of total investments are considered to be exposed to concentrated credit risks and are required to be disclosed. Investments issued and explicitly guaranteed by the U.S. government and investments in 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 the total investments at June 30, 2013.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation does not have a policy on investment credit risk. At June 30, 2013, the Foundation's bond and money market mutual funds are subject to credit risk, however, they are unrated.

GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Notes to the Financial Statements
June 30, 2013

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. The Foundation does not have a policy to limit its exposure to interest rate risk. At June 30, 2013, GROW’s bond mutual funds are subject to interest rate risk, however, they are all unrated.

Investment Income

For the year ended June 30, 2013, components of investment return were as follows:

Interest and dividend income	\$	111,702
Net realized gains		151,236
Net unrealized gains		283,322
		546,260
	\$	546,260

Note 3: Non-Gift Revenue

The Foundation has recorded the estimated value of contributed goods and services received from various sources as non-gift revenue and expense. The Foundation has received non-gift revenue of \$166,387 from the College and \$42,827 from donors for the year ended June 30, 2013. The following is a summary of the classification of non-gift revenue:

Facilities use gallery space	\$	42,827
Salaries and benefits		87,323
Bookkeeping and financial aid services		61,961
Facilities use SFCC		3,246
Supplies and other expenses		13,857
		166,387
Total Non-Gift Revenue	\$	209,214

Note 4: Related Party Transactions

The College provides office space, personnel, utilities, and general operating expenses to the Foundation. These amounts are included in non-gift revenue in the amount of \$166,387 and in general and administrative expenses of \$166,387. In addition, the Foundation 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 the Foundation.

During the fiscal year 2013, members of the board of directors made new gifts to the Foundation totaling \$6,200.

GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Notes to the Financial Statements
June 30, 2013

Note 5: Risk Management

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

Note 6: Due to Santa Fe Community College

The Foundation has amounts due to the College for projects and expenses paid on their behalf during the year in the amount of \$631,972, which is included in current liabilities as of June 30, 2013. These expenses are made up of general and administrative costs, special project costs, and foundation scholarships.

Note 7: Subsequent Events

The Foundation has evaluated events subsequent to June 30, 2013 that would possibly require adjustment or disclosure in these financial statements, through November 7, 2013, the date that these statements were available to be issued. There we no events identified that require adjustment or as disclosure as of June 30, 2013.

Note 8: Income Tax Matters

The Internal Revenue Service has not examined any of the 990 tax returns. However, the Foundation's tax returns for 2012, 2011 and 2010 are subject to examination by the IRS, generally, for three years after they were filed. The Foundation recognizes tax benefits only to the extent the Foundation believes it is "more likely than not" that its tax position will be sustained upon IRS examination.

Supplementary Information

GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Schedule of Cash and Investments
As of June 30, 2013

<u>Name of Depository/Custodian</u>	<u>Account Type</u>	<u>Institution Balance</u>	<u>Reconciled Book Balance</u>
Deposits			
Wells Fargo	Deposit	\$ 95,988	\$ 95,988
Wells Fargo	Restricted Deposit	1,027,923	1,027,923
		<u>\$ 1,123,911</u>	<u>\$ 1,123,911</u>
Investment Accounts			
Fidelity Investments	Mutual Funds - Equities	\$ 2,802,525	\$ 2,802,525
Fidelity Investments	Mutual Funds - Bonds	1,386,712	1,386,712
Pershing Investments	Corporate Stocks	686,624	686,624
Fidelity Investments	Money Market Mutual Funds	265,319	265,319
		<u>\$ 5,141,180</u>	<u>\$ 5,141,180</u>

Compliance



Accounting & Consulting Group, LLP
Certified Public Accountants

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

Hector H. Balderas
New Mexico State Auditor
The U.S. Office of Management and Budget and
Board of Directors
GROW Santa Fe Community College Foundation
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of GROW Santa Fe Community College Foundation (the Foundation), a component unit of Santa Fe Community College, which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 7, 2013.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* reported as item FS 2013-005.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 7, 2013

GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Schedule of Findings and Responses
June 30, 2013

Current Year Findings

FS 2013-005 – IPA Recommendation Form and Contract (Other Matter)

Condition: The College submitted the IPA recommendation form and the signed contract to the Office of the State Auditor (OSA) subsequent to the May 1, 2013 regulatory due date.

Criteria: Pursuant to 2.2.2.8(G)(6)(c)(ii) NMAC, the College is required to submit the IPA recommendation and signed audit contract to OSA by May 1st.

Effect: The College is not in compliance with the New Mexico Administration Code.

Cause: The College was unable to approve their IPA recommendation form and contract during the spring due to turnover in management level positions. This resulted in the procurement process of obtaining an auditor being delayed, and in addition, the College subsequently re-bid the audit further delaying the process.

Auditors' Recommendation: The College should ensure they prepare the IPA recommendation form and contract with sufficient time to have the approval of all required parties and submit the information to OSA by the required deadline.

Management Response: Due to significant Accounting Department management personnel changes during April and May 2013, Management elected to delay signing the FY13 IPA contract until it could be reviewed by the incoming Chief Financial Officer upon their arrival on August 1, 2013. The FY13 IPA contract was thenceforth reviewed and signed on August 2, 2013. Management acknowledges the finding noting the delay was deemed necessary in the circumstances, and will maintain full compliance with the New Mexico Administration Code going forward.

Status of Prior Year Findings

12-01 – Realized and Unrealized Gains and Losses – RESOLVED

12-02 – Late Financial Audit Report - RESOLVED

GROW Santa Fe Community College Foundation
(A Component Unit of Santa Fe Community College)
Schedule of Findings and Responses
June 30, 2013

A. Financial Statement Presentation

Accounting & Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of GROW Santa Fe Community College Foundation from the original books and records provided to them by the management of the Foundation. The responsibility for the financial statements remains with the Foundation.

B. Exit Conference

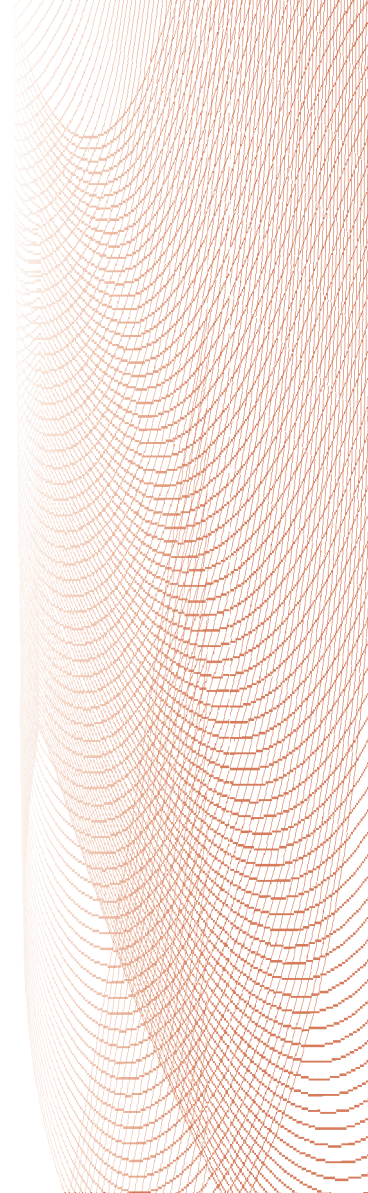
The contents of this report were discussed on November 11, 2013. The following individuals were in attendance.

GROW Santa Fe Community College Foundation Personnel

Accounting & Consulting Group, LLP

Deborah Boldt, Executive Director
Diane McElligatt, Accountant

Ray Roberts, Partner



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