

**SANTA FE COMMUNITY COLLEGE  
FOUNDATION**

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

**Financial Statements with Independent  
Auditors' Report**

**June 30, 2022**



**AXIOM**

*Certified Public Accountants  
and Business Advisors LLC*

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

**June 30, 2022**

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

**June 30, 2022**

**Official Roster**

Name	BOARD OF DIRECTORS	Title
Jeffrey Szabat		President
Dr. Carmen Gonzales		Immediate Past President
Sheila Plunkett		Vice President, Philanthropy
Michael C. Davis		Vice President, Communications
Stephen Gaber		Treasurer
Danika Padilla		Secretary
Deborah Boldt		Executive Director
Kelly A. Marquez		Interim Executive Director
Dr. Rebecca K. Rowley		President, SFCC
Elise Arena		Chair, Leadership & Board Development Committee
Dr. Edwin Barker		Co-Chair, Science on a Sphere Advisory Committee
Dr. George Gamble		SFCC Governing Board Representative
Piér Quintana		SFCC Governing Board Representative
Dr. Thomasinia Ortiz-Gallegos		Associate Vice President of Student Success
Dr. David Dooley		Member
Natalie Fitz-Gerald		Member
Adam Stramel		Member
Dr. Martha Romero		Member
Hue-Chan Karels		Advisor
Regis Pecos		Advisor
Sandy Zane		Advisor
Dr. Richard Abeles		Emeritus Member
Dr. Rachel Belash		Emeritus Member
Carole Brito Besser		Emeritus Member
Dr. Robert Glick		Emeritus Member
Dr. Nancy Witter		Emeritus Member

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying financial statements of the Santa Fe Community College Foundation (the "Foundation"), a nonprofit organization and component unit of Santa Fe Community College, as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

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, 2022, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government*

*Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Other Matters**

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Foundation's internal controls over financial reporting and compliance.



Albuquerque, New Mexico  
October 31, 2022

## **FINANCIAL STATEMENTS**

**SANTA FE COMMUNITY COLLEGE FOUNDATION**  
**(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)**  
**Statement of Net Position**  
**June 30, 2022**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 984,993
Investments, at fair value	9,808,922
Total Current Assets	<u>10,793,915</u>

**Noncurrent Assets**

Artwork collections	977,938
Total Assets	<u>\$ 11,771,853</u>

**Liabilities**

**Current Liabilities**

Annuity payable, current portion	\$ 3,650
Due to Santa Fe Community College	255,914
Total Current Liabilities	<u>259,564</u>

**Noncurrent Liabilities**

Annuity payable, less current portion	13,468
Total Liabilities	<u>273,032</u>

**Net Position**

Restricted, expendable	4,097,182
Restricted, unexpendable	6,366,243
Unrestricted	1,035,396
Total Net Position	<u>11,498,821</u>

Total Liabilities and Net Position	<u>\$ 11,771,853</u>
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*See Notes to Financial Statements*

**SANTA FE COMMUNITY COLLEGE FOUNDATION**  
**(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2022**

<b>Operating Revenues</b>	
Gifts	\$ 1,452,247
Non - Gift Revenue	<u>435,670</u>
Total Operating Revenues	<u>1,887,917</u>
<b>Operating Expenses</b>	
General and administrative	881,004
Contribution to SFCC:	
Scholarships	284,087
Program Support	<u>599,042</u>
Total Operating Expenses	<u>1,764,133</u>
<b>Operating Income</b>	<u>123,784</u>
<b>Non-Operating Revenues (Expenses)</b>	
Net unrealized and realized loss on investments	(1,201,763)
Dividend and interest income	200,440
Investment management fees and taxes	<u>(35,920)</u>
Total Non-Operating Revenues (Expenses)	<u>(1,037,243)</u>
<b>Loss Before Contributions to Permanent Endowments</b>	(913,459)
<b>Contributions to Permanent Endowments</b>	
Gifts	<u>389,470</u>
Change in Net Position	(523,989)
Net Position, Beginning of the Year	<u>12,022,810</u>
Net Position, End of the Year	<u>\$ 11,498,821</u>

*See Notes to the Financial Statements*



**SANTA FE COMMUNITY COLLEGE FOUNDATION**  
**(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2022**

**Cash Flows from Operating Activities**

Cash received from donors	\$ 1,452,247
Cash paid to SFCC for scholarships and program support	(895,656)
Cash paid for operating expenses	(492,087)

<b>Net Cash Provided by Operating Activities</b>	<u>64,504</u>
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**Cash Flows from Non-Capital Financing Activities**

Cash received from donors for permanent endowments	389,470
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<b>Net Cash Provided by Non-Capital Financing Activities</b>	<u>389,470</u>
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**Cash Flows from Investing Activities**

Purchase of investments	(42,375)
Dividends and interest	200,440
Investment management fees	(35,920)

<b>Net Cash Provided by Investing Activities</b>	<u>122,145</u>
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<b>Net Increase in Cash and Cash Equivalents</b>	576,119
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Cash and Cash Equivalents, beginning of year	<u>408,874</u>
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Cash and Cash Equivalents, end of year	<u>\$ 984,993</u>
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**Reconciliation of Operating Income to Net Cash**

**Provided by Operating Activities**

Operating Income	\$ 123,784
Adjustments to reconcile operating income to net cash	
Provided by operating activities	

Change in:

Accounts payable	(7)
Artwork collections	(78,300)
Due to Santa Fe Community College	19,027

<b>Total Adjustments</b>	<u>(59,280)</u>
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<b>Net Cash Provided by Operating Activities</b>	<u>\$ 64,504</u>
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**Supplemental Disclosure of Non-Cash Investing Activities:**

Non-cash donation	<u>\$ 435,670</u>
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*See Notes to the Financial Statements*

**SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
Notes to the Financial Statements  
June 30, 2022**

**NOTE 1 – NATURE OF ORGANIZATION**

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments, including demand deposits and short-term money market fund investments, with maturities of three months or less from the date of acquisition to be cash equivalents.

**SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
Notes to the Financial Statements  
June 30, 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments

Investments consist primarily of money market mutual funds, bond mutual funds and marketable securities. Marketable securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at amortized cost, which approximates fair value. The change in fair value is reported in the investment income in the statement of revenues, expenses, and changes in net position.

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

Artwork Collections

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

Annuity Payable

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

Classification of Revenues

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

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

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

**SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
Notes to the Financial Statements  
June 30, 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

Contributed Facilities and Services

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

Estimates

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

Income Taxes

The Foundation is a nonprofit organization described as a public charity under Section 509(a)(3) of the Internal Revenue Code and is exempt from federal and state income taxes under Section 501(c)(3). The Foundation had no material unrelated business income during fiscal year 2022; therefore, no provision for income taxes is included in the financial statements.

Net Position

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

**SANTA FE COMMUNITY COLLEGE FOUNDATION**  
**(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 3 – CASH AND INVESTMENTS**

The Foundation’s cash accounts are held in demand checking and money market accounts at multiple institutions with a carrying amount totaling \$984,993 at June 30, 2022.

Custodial Credit Risk – Cash

Custodial credit risk is the risk that, in the event of a bank failure, the Foundation’s deposits may not be returned to it. The Foundation maintains cash deposits in one financial institution. The Foundation’s cash account is insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 and collateralized by collateral held by the pledging bank’s trust department. As of June 30, 2022, \$431,219 of the Foundation’s bank balance of \$681,219 was exposed to custodial credit risk. As of June 30, 2022, no amount was uninsured and collateralized and \$431,219 was uninsured and uncollateralized. The money market mutual funds held by the Foundation are not insured by the FIDC, however they are not subject to custodial credit risk.

Investments

The investment policy allows the Foundation to invest its portfolio in equities, fixed-income, alternative investments, and other investment strategies to maintain sufficient liquidity to meet projected distribution requirements. A summary of investments at June 30, 2022 is as follows:

Mutual Funds - Equities	\$	5,172,555
Mutual Funds - Bonds		3,857,515
Exchange Traded- Equities		287,621
Exchange Traded – Fixed Income		491,231
	\$	<u>9,808,922</u>

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Foundation’s exposure to custodial credit risk at June 30, 2022 is as follows:

<u>Investment Type</u>	<u>Custodian</u>	<u>Fair Value</u>
Mutual Funds - Equities	Fidelity Investments	\$ 5,172,555
Mutual Funds - Bonds	Fidelity Investments	2,568,285
Mutual Funds - Bonds	Vanguard Group	1,289,230
Exchange Traded - Equities	Fidelity Investments	287,621
Exchange Traded - Fixed Income	Fidelity Investments	491,231
		\$ <u>9,808,922</u>

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

**SANTA FE COMMUNITY COLLEGE FOUNDATION**  
**(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 3 – CASH AND INVESTMENTS (CONTINUED)**

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation’s investment in a single issuer. Investments in any one issuer that represents 5% or more for bonds and 5% or more for all other investments are considered to be exposed to concentrated credit risks and are required to be disclosed. Investments issued and explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. There were no bonds in a single issuer that represents 10% or more of the total investments and there were no other investments 5% or more of the total investments at June 30, 2022.

A detail of the cash and investment accounts at June 30, 2022 is included below.

<u>Name of Depository/ Custodian</u>	<u>Account Type</u>	<u>Institution Balance</u>	<u>Reconciled Book Balance</u>
<b>Deposits</b>			
Century Bank-Public Funds	Non-Interest-Bearing Deposit	\$ 681,219	678,620
Fidelity Investments	Money Market Mutual Funds	306,368	306,368
Vanguard Group	Money Market Mutual Funds	5	5
<b>Total Deposits</b>		<u>987,592</u>	<u>984,993</u>
<b>Investment Accounts</b>			
Fidelity Investments	Mutual Funds - Equities	5,172,555	5,172,555
Fidelity Investments	Mutual Funds - Bonds	2,568,285	2,568,285
Vanguard Group	Mutual Funds - Bonds	1,289,230	1,289,230
Fidelity Investments	Exchange Traded Equities	287,621	287,621
Fidelity Investments	Exchange Traded - Fixed	491,231	491,231
<b>Total Investments</b>		<u>\$ 9,808,922</u>	<u>9,808,922</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation does not have a policy on investment credit risk. The Foundation’s bonds had the following credit risk structure as of June 30, 2022:

<u>Investment Type</u>	<u>Rating</u>	<u>Percentage</u>
<b>Bond Mutual Funds:</b>		
Vanguard Inter-Term Inv	<b>A</b>	6.75%
Vanguard Short-Term Inv	<b>A</b>	9.97%
Vanguard Ultra Short-Term	<b>A</b>	13.14%
Fidelity Floating Rate	<b>B</b>	4.00%
Blackrock Strategic Rate	<b>B</b>	0.02%
Doubleline Total Return	<b>BB</b>	5.38%

**SANTA FE COMMUNITY COLLEGE FOUNDATION**  
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**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 3 – CASH AND INVESTMENTS (CONTINUED)**

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation does not have a policy to limit its exposure to interest rate risk. At June 30, 2022, Foundation’s bond mutual funds are subject to interest rate risk.

Investment Income

For the year ended June 30, 2022, components of investment income were as follows:

Interest and dividend income	\$	200,440
Net unrealized and realized loss		(1,201,763)
Investment management fees and taxes		(35,920)
Total Net Investment Loss	\$	<u>(1,037,243)</u>

Fair Value Measurement

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

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

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

The Foundation has the following recurring fair value measurements as of June 30, 2022:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investment held by the Foundation:				
Mutual Funds – Equities	\$ 5,172,555	5,172,555	-	-
Mutual Funds – Bonds	3,857,515	3,857,515	-	-
Exchange Traded – Equities	287,621	287,621	-	-
Exchange Traded – Fixed Income	<u>491,231</u>	<u>491,231</u>	-	-
<b>Total investments subject to leveling</b>	<b>\$ <u>9,808,922</u></b>	<b><u>9,808,922</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Investments measured at the net asset value (NAV):	<u>\$ -</u>			
<b>Total investments</b>	<b>\$ <u>9,808,922</u></b>			

**SANTA FE COMMUNITY COLLEGE FOUNDATION**  
**(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 4 – NON-GIFT REVENUE**

The Foundation has recorded the estimated value of contributed goods and services received from various sources as non-gift revenue and expense. The Foundation has received non-gift revenue of \$306,633 from the College and \$129,037 from donors for the year ended June 30, 2022. The following is a summary of the classification of non-gift revenue:

Salaries & benefits	\$	261,138
Instructional supplies		12,237
Artwork		97,050
Operating expense		65,245
Total Non-Gift Revenue	\$	<u>435,670</u>

**NOTE 5 – RELATED PARTY TRANSACTIONS**

The College provides office space, personnel, utilities, and general operating expenses to the Foundation. These amounts are included in non-gift revenue in the amount of \$306,633 and in general and administrative expenses of \$306,633. In addition, the Foundation will incur certain expenditures including various scholarships and programs that are paid through the College. The Foundation will reimburse the College for these items it has paid on behalf of the Foundation.

During the fiscal year 2022, members of the board of directors made new gifts to the Foundation totaling \$34,753.

**NOTE 6 – RISK MANAGEMENT**

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

**NOTE 7 – DUE TO SANTA FE COMMUNITY COLLEGE**

The Foundation has amounts due to the College for projects and expenses paid on their behalf during the year in the amount of \$255,914, which is included in current liabilities as of June 30, 2022. These expenses are made up of general and administrative costs, special project costs, and foundation scholarships.

**NOTE 8 – ENDOWMENTS**

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



**SANTA FE COMMUNITY COLLEGE FOUNDATION**  
**(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)**  
**Notes to the Financial Statements**  
**June 30, 2022**

**NOTE 8 – ENDOWMENTS (CONTINUED)**

The endowment spending policy provides that a maximum of up to 7% of the market value of the Long Term Investment Accounts invested for Endowments, calculated quarterly on the rolling average market value of the prior twelve quarters, will be made available for expenditures each year. Expenditures within the 7% limit will be made to realize the intended purposes of the Endowment, any total return above 7% will be returned to the endowment corpus unless an endowment donor explicitly specifies a different arrangement in the endowment gift instrument, and any unspent portion of the 7% will be returned to the corpus but may be available to support the designated purposes of the Endowment in the following fiscal year. The amount available for expenditure in the year ending June 30, 2022 is \$327,122.

As of June 30, 2022, the value of the Foundation's endowment portfolio was \$8,789,412 and the permanent endowment contributions were \$6,366,243.

**NOTE 9 – SUBSEQUENT EVENTS**

The Foundation has evaluated events subsequent to June 30, 2022 that would possibly require adjustment or disclosure in these financial statements, through October 31, 2022, the date that these statements were available to be issued. There were no events identified that require adjustment or disclosure as of June 30, 2022.

**NOTE 10 – INCOME TAX MATTERS**

The Internal Revenue Service has not examined any of the Form 990 tax returns. However, the Foundation's tax returns for 2022, 2021, and 2020 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.

**NOTE 11 – RISK AND ECONOMIC UNCERTAINTIES**

The COVID-19 and the ongoing war in Ukraine caused supply chain and labor issues, which resulted to a high inflation rate in the United States. To fight inflation, the Federal Reserve has raised interest rate few times and plans to do so until it reached its target inflation rate. These conditions negatively affect the stock market and created market volatility. The Foundation could not estimate impact of these uncertainties but believes it will significantly affect the return of its investments.

## **OTHER INFORMATION**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Santa Fe Community College Foundation (the "Foundation"), a nonprofit organization and component unit of Santa Fe Community College, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated October 31, 2022.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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

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

## **Report on Compliance and Other Matters**

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

We noted certain matter that is required to be reported per Section 12-6-5 NMSA 1978, that we have described as item 2022-001.

## **Santa Fe Community College Foundation's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Foundation's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

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



Albuquerque, New Mexico  
October 31, 2022

**SANTA FE COMMUNITY COLLEGE FOUNDATION  
 (A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
 Summary of Auditors' Results  
 June 30, 2022**

**A. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued Unmodified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted?  Yes  No

**SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
Schedule of Findings and Responses  
June 30, 2022**

**B. FINDINGS—FINANCIAL STATEMENT AUDIT**

No matters were reported.

**C. FINDINGS REQUIRED BY SECTION 12-6-5 NMSA 1978 (2.2.2.10 (L) (1) (c) NMAC**

**2022-001: Pledged Collateral on Bank Deposit – (Other Non-Compliance)**

CONDITION: The bank did not provide the required pledged collateral for the Foundation's deposit. At June 30, 2022, \$431,219 was uncollateralized.

CRITERIA: In accordance with NMSA 1978 Section 6-10-17, any bank or savings and loan association designated as a depository of public money shall deliver securities of the kind specified in Section 6-10-16 NMSA 1978 to a custodial bank described in Section 6-10-21 NMSA 1978 and shall then deliver a joint safekeeping receipt issued by the custodial bank to the public official from whom or the public board from which the public money is received for deposit. The securities delivered shall have an aggregate value equal to one-half the amount of public money to be received in excess of the FDIC limit. However, any such bank or savings and loan association may deliver a depository bond executed by a surety company as provided in Section 6-10-15 NMSA 1978 as security for any portion of a deposit of public money.

EFFECT: Public monies that are uninsured and uncollateralized have an increased custodial credit risk that the Foundation's deposits may not be returned in the event of a bank failure.

CAUSE: The Letter of Credit expired in May 2022 and went unnoticed by the bank. The bank discovered the problem at the end of August 2022 and then pledged a security to the Foundation accounts.

RECOMMENDATION: During monthly reconciliation processes, the Foundation should ensure that the bank balance is sufficiently collateralized.

MANAGEMENT RESPONSE: The Foundation entered into a 1-year irrevocable standby letter of credit with its bank in May 2021. The letter of credit expired in May 2022 and was not renewed. According to the bank, their system erroneously indicated the letter of credit was still in force as of June 30, 2022, when in fact, it was not. The bank has discontinued the use of letters of credit and instead will pledge securities to the Foundation accounts.

CURRENT STATUS/PLAN OF ACTION: In August 2022, when the error was discovered, the bank pledged a security with a maturity date of September 2034 to the Foundation accounts. The bank will monitor account balances and the security market value monthly to ensure the Foundation accounts are properly collateralized. The bank will provide pledge reports to the Foundation quarterly for their records and the Foundation will implement a monitoring system as part of its monthly reconciliation process to ensure bank balances are sufficiently collateralized.

PERSON RESPONSIBLE: Controller

TIMELINE: Beginning October 19, 2022, and monthly going forward

**SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
Schedule of Findings and Responses  
June 30, 2022**

**D. PRIOR YEAR FINDINGS**

No matters were reported

**SANTA FE COMMUNITY COLLEGE FOUNDATION  
(A COMPONENT UNIT OF SANTA FE COMMUNITY COLLEGE)  
Exit Conference  
June 30, 2022**

**EXIT CONFERENCE**

The contents of this report were discussed in the exit conference held on October 19, 2022 with the following in attendance.

Santa Fe Community College Foundation Personnel

Dr. Rebecca K. Rowley, President, SFCC

Deborah Boldt, Executive Director

Kelly A. Marquez, Interim Executive Director

Jeffrey Szabat, President

Stephen Gaber, Treasurer and Chair of Finance and Investment Committee

Nick Telles, Vice President of Finance/CFO, SFCC

Amy Pell, CPA, Associate Vice President of Finance/Controller, SFCC

Axiom Certified Public Accountants and Business Advisors LLC

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

Francisco Teran, Senior Associate

The financial statements were prepared from the original books and records and with the assistance of the management of Santa Fe Community College Foundation as of June 30, 2022 by Axiom Certified Public Accountants and Business Advisors LLC. The responsibility for these financial statements remains with the Foundation.