

**SAN JUAN COUNTY PARTNERSHIP, INC.
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
YEARS ENDED June 30, 2013 and 2012
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANT**



"Working together with people of all ages and cultures, to develop community wellness and prevention awareness."



November 20, 2013

Dear Friends of San Juan County Partnership, Inc.,

The fiscal reporting in this audit is reflective of the quality programming provided by the Partnership. Even though budgeting continues to be a challenge, we have consistently implemented evidence-based programs that reflect the mission of our organization. A few years ago, we realized that the coming years would be difficult with reduced budgets from our funders. We have continued to be prudent with our expenditures, utilizing reserves to carry us through.

Some of our programs that have consistently demonstrated success are:

- The Dine' Ba' Hozho Coalition in Shiprock, focused on substance abuse and suicide prevention. Through the Positive Community Norms campaign, which incorporates the Navajo Wellness Model, has reduced youth alcohol use and drinking and driving consistently over the past five years. American Indian Life Skills, an evidence based curriculum has been provided throughout the County, addressing the prevalence of youth suicide in our area.
- The Housing Assistance program provides resources and financial assistance to those who are homeless or at imminent risk of homelessness, San Juan County residents who have also found themselves in hard economic times.
- Our AmeriCorps members develop professionally while they provide a tremendous number of service hours to the community. Members receive education awards at the end of their service that are used to further their education or to pay student loans.
- The 21st Century Community Learning Centers continued to provide a safe place for children after school in this program that fosters academic success through tutoring, homework assistance and enrichment activities. We added Blanco Elementary School as an additional center, answering a need in that area of the County.
- We consistently work with local law enforcement agencies to support the important work they do to keep our communities safe. We raise perception of risk by informing the community of their activities and the results of their enforcement efforts.

San Juan County Partnership's Board of Directors and staff are devoted to making San Juan County a better place to live. We have been doing this work for twenty-two years and plan to continue for as long as the work is needed. We thank the community for its support and collaboration.

Sincerely,

Pamela Drake
Executive Director

SAN JUAN COUNTY PARTNERSHIP, INC

TABLE OF CONTENTS
June 30, 2013 and 2012

Letter from Management
Table of Contents
Official Roster

FINANCIAL SECTION

Independent Auditor's Report
Financial Statements:
 Statement of Financial Position
 Statement of Activities
 Statements of Functional Expenses
 Statement of Cash Flows
 Notes to Financial Statements

COMPLIANCE AND INTERNAL CONTROL

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

Independent Auditors Report on Compliance For
Each Major Program and on Internal Controls
Over Compliance Required by OMC Circular
A-133

SUPPLEMENTAL INFORMATION

Schedule of Expenditures of Federal Awards

Schedule of Findings

SAN JUAN COUNTY PARTNERSHIP, INC

OFFICIAL ROSTER

June 30, 2013

Jessica Polatty	Chairperson
Jaime Kerr	Vice-Chairperson
Shane Chance	Secretary/Treasurer
Glo-Jean Todacheene	Finance Committee
David Florez	Finance Committee
Bob Campbell	Member
Lucy Haber	Member
Georgette Allen	Partnership Member Representative
Pamela Drake	Executive Director

INDEPENDENT AUDITOR'S REPORT

BOARD OF DIRECTORS,
SAN JUAN COUNTY PARTNERSHIP, INC.

Report on the Financial Statements

We have audited the accompanying financial statements of San Juan County Partnership Inc, (a nonprofit organization) which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedure 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 San Juan County Partnership Inc as of June 30, 2013, and the changes in net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

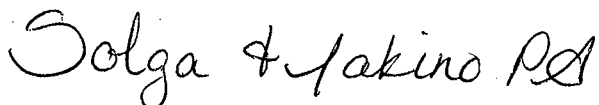
Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations 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.

The financial statements of San Juan County Partnership Inc as June 30, 2012 were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements in their November 9, 2012 report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2013 on our consideration of San Juan County Partnership Inc's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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.



Farmington, New Mexico
December 11, 2013

FINANCIAL SECTION

San Juan County Partnership Inc
Statement Of Financial Position
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current Assets:		
Cash and Equivalents	\$ 176,589	\$ 179,534
Government Contract Receivables	205,055	243,251
Total Current Assets	<u>381,644</u>	<u>422,785</u>
Property and Equipment:		
Computers and Equipment	20,821	20,821
Vehicles	45,824	45,824
	<u>66,645</u>	<u>66,645</u>
Less Accumulated Depreciation	63,574	59,430
Net Book Value	<u>3,071</u>	<u>7,215</u>
Total Assets	\$ 384,715	\$ 430,000
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 79,948	\$ 56,368
Accrued Expenses	3,356	2,632
Accumulated Compensated Absences	19,139	16,241
Total Current Liabilities	<u>102,443</u>	<u>75,241</u>
Net Assets:		
Unrestricted	282,269	354,759
Total Net Assets	<u>282,269</u>	<u>354,759</u>
Total Liabilities and Net Assets	\$ 384,712	\$ 430,000

See Accompanying Notes.

San Juan County Partnership Inc
Statement Of Unrestricted Activities
For the Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted Support and Revenues:		
Support:		
Grants and Contracts	\$ 1,223,521	\$ 1,251,356
Revenues:		
Interest Income	28	24
Donated Rent - San Juan College	20,221	23,581
Other Program Revenues	7,259	17,699
Total Unrestricted Revenues	27,508	41,304
Total Unrestricted Support and Revenues	1,251,029	1,292,660
Expenses:		
Program Expenses:		
21st Century Learning	139,469	193,819
Substance Abuse Prevention	539,998	619,034
Housing Assistance	286,431	306,097
Community Prevention & Wellness	292,794	272,500
Total Program Expenses	1,258,692	1,391,450
Supporting Services:		
Management and General	64,827	51,364
Total Expenses	1,323,519	1,442,814
Increase (Decrease) in Unrestricted Net Assets	(72,490)	(150,154)
Net Assets, Beginning	354,759	504,913
Net Assets, Ending	\$ 282,269	\$ 354,759

See Accompanying Notes.

San Juan County Partnership Inc
Statement Of Functional Expenses
For the Year Ended June 30, 2013
With Comparative Totals for the Year Ended June 30, 2012

					Supporting Services		2013 Total	2012 Total
	21st Century Learning	Substance Abuse Prevention	Housing Assistance	Community Prevention & Wellness	Management & General			
Salaries	\$ 95,553	\$ 315,858	\$ 81,028	\$ 62,006	\$ 18,602	\$ 573,047	\$ 680,400	
Payroll Taxes	7,310	24,161	6,199	4,743	6,106	48,519	59,313	
Employee Benefits	560	13,662	6,987	1,905	609	23,723	46,872	
Program Services	-	-	-	-	-	-	14,518	
Program Expenses	21,541	76,427	184,743	210,179	8,075	500,965	416,709	
Travel	1,869	8,281	158	353	683	11,344	12,697	
Supplies	10,164	4,722	1,298	446	723	17,353	12,826	
Bank Charges	-	-	-	-	214	214	472	
Insurance	672	4,386	1,178	2,256	6,691	15,183	12,334	
Professional Services	-	62,521	808	6,686	4,974	74,989	113,856	
Communication	51	6,548	2,359	633	2,273	11,864	13,879	
Rent	1,618	17,214	1,007	2,629	10,428	32,896	36,555	
Training	-	1,287	60	-	100	1,447	3,145	
Depreciation	-	-	-	-	4,144	4,144	9,021	
Postage	-	1,012	256	313	728	2,309	2,130	
Vehicle Expense	131	3,919	350	645	477	5,522	8,089	
Totals	\$ 139,469	\$ 539,998	\$ 286,431	\$ 292,794	\$ 64,827	\$ 1,323,519	\$ 1,442,816	

See Accompanying Notes.

San Juan County Partnership Inc
Statement Of Functional Expenses
For the Year Ended June 30, 2012
With Comparative Totals for the Year Ended June 30, 2011

					Supporting Services		2012 Total	2011 Total
	21st Century Learning	Substance Abuse Prevention	Housing Assistance	Community Prevention & Wellness	Management & General			
Salaries	\$ 149,742	\$ 363,529	\$ 122,291	\$ 41,271	\$ 3,566	\$ 680,399	\$ 687,720	
Payroll Taxes	11,455	27,810	10,019	3,157	6,871	59,312	60,353	
Employee Benefits	7,085	25,093	10,480	3,193	1,022	46,873	61,646	
Program Services	14,518	-	-	-	-	14,518	11,341	
Program Expenses	5,873	75,092	147,838	176,791	11,114	416,708	525,473	
Travel	-	10,030	889	891	887	12,697	24,833	
Supplies	83	9,465	1,879	513	885	12,825	8,827	
Bank Charges	-	-	39	-	433	472	34	
Insurance	1,000	5,936	903	2,250	2,245	12,334	12,104	
Professional Services	800	66,997	1,584	39,470	5,005	113,856	174,275	
Communication	1,188	6,684	4,461	665	882	13,880	14,349	
Rent	1,886	20,296	3,903	3,773	6,696	36,554	34,735	
Training	-	2,433	325	-	387	3,145	22,362	
Depreciation	-	-	-	-	9,021	9,021	6,670	
Postage	19	961	167	130	853	2,130	3,810	
Vehicle Expense	170	4,708	1,319	396	1,497	8,090	7,998	
Totals	\$ 193,819	\$ 619,034	\$ 306,097	\$ 272,500	\$ 51,364	\$ 1,442,814	\$ 1,656,530	

See Accompanying Notes.

San Juan County Partnership Inc
Statement Of Cash Flows
For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flow from Operating Activities:		
Increase (Decrease) in Net Assets	\$ (72,487)	\$ (150,154)
Adjustments to Reconcile Net assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	4,144	9,021
Changes in Operating Assets and Liabilities:		
Accounts Receivable	38,196	(18,308)
Accounts Payable	23,580	2,262
Accrued Expenses	3,622	(4,370)
Net Cash Provided (Used) by Operating Activities	<u>(2,945)</u>	<u>(161,549)</u>
Cash Flows From Investing Activities:		
Purchases of Fixed Assets	-	(4,832)
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(4,832)</u>
Net Increase (Decrease) in Cash	(2,945)	(166,381)
Cash at the Beginning of the Year	<u>179,534</u>	<u>345,915</u>
Cash at the End of the Year	<u>\$ 176,589</u>	<u>\$ 179,534</u>

See Accompanying Notes.

SAN JUAN COUNTY PARTNERSHIP, INC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED June 30, 2013 and 2012

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of San Juan County Partnership Inc is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Organization

San Juan County Partnership, Inc. was established and incorporated in 1993 as a nonprofit organization under the laws of the State of New Mexico to facilitate providing a complete range of health and welfare services to the community of San Juan County.

Funding is provided principally by government grants through the State of New Mexico Children Youth and Families Department, the U.S. Department of Health & Human Services, Department of Education, Housing & Urban Development, and the Department of Justice. Other funding is received from San Juan County, membership fees, subcontract services, and contributions. San Juan County Partnership, Inc. operates under an elected Board of Directors.

The Organization operates several programs related to their exempt purpose as follows:

21st Century Learning

This program offers after school enrichment programs to include study skills, parental involvement, coordinate resources at each school, perform program evaluation and prepare performance data, and attend all required meetings by the New Mexico Public Education Department. Funding is provided by the U.S. Department of Education.

Substance Abuse Prevention

This program provides a wide diversity of individual programs that prevent, reduce, and remediate drug and alcohol related behaviors in the community. Activities include, but are not limited to, designing prevention programs, policy development, public presentations, and monitoring program results and outcomes.

Some of the individual programs include OSAP, AmeriCorps, Meth Prevention, Total Community Approach, and local underage substance abuse prevention programs. Funding is provided by Federal, State, and local sources.

Housing Assistance

This program includes payments for eligible individuals for assistance with housing and utility charges. Funding is provided from the U.S. Department of Housing and Urban Development, and New Mexico Mortgage Finance Authority.

SAN JUAN COUNTY PARTNERSHIP, INC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED June 30, 2013 and 2012

1. Summary of Significant Accounting Policies

A. Organization (continued)

Community Prevention & Wellness

This program provides coordination of community health activities including development and participation in the Community Health Council, and assessment and planning. Funding is provided by Federal and local grants.

B. Income Taxes

San Juan County Partnership, Inc. is exempt from income tax under Section 501(C)(3) of the Internal Revenue Code. There was no unrelated business income.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. As of June 30, 2013 and 2012, cash consisted of demand deposits and brokered money market account.

D. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

E. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when

SAN JUAN COUNTY PARTNERSHIP, INC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED June 30, 2013 and 2012

1. Summary of Significant Accounting Policies

F. Property and Equipment (continued)

the donated assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Normal maintenance and repairs are expensed as incurred. Assets costing \$500 and over are capitalized and depreciated on the straight line method over their estimated useful life of five to seven years.

G. Financial Statement Presentation and Basis of Accounting

This summary of significant accounting policies of San Juan County Partnership Inc is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

The accompanying financial statements have been prepared in conformity with the standards codification adopted by the Financial Accounting Standards Board, *Financial Statements of Not-For-Profit Entities*. All the net assets of the Organization are classified as unrestricted. The accompanying financial statements have been prepared on the accrual basis of accounting.

2. Concentrations of Risk

The bank accounts of San Juan County Partnership, Inc. at Wells Fargo Bank, and Fidelity Investments are secured by the Federal Deposit Insurance Corporation (F.D.I.C.) up to \$250,000. At June 30, 2013, all deposits were covered by F.D.I.C.

3. Government Contract Receivables

The amount of receivables recognized in the financial statements from government contracts consist of revenue earned but not received as of June 30 from state, federal and other grant and contract providers. Claims for services are subject to denial by the providers and may be appealed by San Juan County Partnership Inc. No allowance for doubtful accounts has been provided based on the history and ageing of accounts. All receivables are considered fully collectable.

4. Amount Held in Trust for Others

San Juan County Partnership acts as fiscal agent for other organizations. The financial position and results of operations for these Organizations are not included in the Partnership's financial statements. As of June 30, 2013 and 2012 the following funds were held for other organizations and are included in accounts payable on the statement of financial position.

SAN JUAN COUNTY PARTNERSHIP, INC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED June 30, 2013 and 2012

4. Amount Held in Trust for Others (continued)

	<u>2013</u>	<u>2012</u>
San Juan Step	\$ 2,257	\$ 1,811
Shiprock Skate Park	3,578	3,072
Wonderings	-	3,833
CCH	5,800	40
Healthy Infant Practices	46	46
Mane Focus	-	<u>192</u>
Total	<u>\$ 11,681</u>	<u>\$ 8,994</u>

5. Retirement Plan

The Organization adopted a simplified employee pension-individual retirement plan (SEP) in 2011. The plan requires the Organization to contribute 1% of employee gross wages to eligible employees who have performed services in at least the previous 90 days up to the maximum statutory legal limit. Contributions vest to the employee immediately upon contribution. For the years ending June 30, 2013 and 2012 the Organization incurred an expense of \$2,384 and \$2,614.

6. Contingencies and Commitments

The Organization receives financial assistance from federal and state sources in the form of grants and contracts. The funds received are generally limited to specific compliance requirements as specified in the grant agreement. The agencies reserve the right to review the scope of the audit and conduct a follow-up review if deemed necessary. Any disallowed claims resulting from such audits could become a liability of the Organization. The Organization, however, believes that liability resulting from disallowed claims, if any, will not have a material effect on the financial position.

For the year ended June 30, 2013, the Organization received approximately 98% percent of its support and revenues from contracts with Federal and State agencies.

7. Accumulated Compensated Absences

Accumulated compensated absences consist of employee paid time off earned, but not used. As of June 30, 2013 and 2012 accumulated compensated absences are valued at the employee current rate of pay of \$19,139 and \$16,241, respectively. This amount has been recorded in the statement of financial position as a liability.

SAN JUAN COUNTY PARTNERSHIP, INC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED June 30, 2013 and 2012

8. Leases

San Juan County Partnership has entered into a lease agreement with San Juan College for the use and occupancy of office space used as their administrative and program headquarters. The lease terms provide for renewal each year. For years ending June 30, 2013 and 2012, the annual fair market rental value of the office is estimated at \$32,895 and \$36,554, and is recorded as an expense. During the years ending June 30, 2013 and 2012 the Partnership paid San Juan College \$12,674 and \$12,974, and San Juan College's contribution of \$20,221 and \$23,581, respectively, is recorded as donated rent revenue. The Partnership provides educational and community wraparound services for San Juan College in return for office space.

9. Subsequent Events

Subsequent events of the Organization have been evaluated through December 11, 2013, the date of financial statement issuance. No events were found that would require disclosure or would affect the financial statements as of June 30, 2013.

**COMPLIANCE AND INTERNAL CONTROL
STRUCTURE REPORTS**

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

Board of Directors
San Juan Center for Independence

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 San Juan County Partnership Inc (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Juan County Partnership Inc'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 San Juan County Partnership Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of San Juan County Partnership Inc'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 San Juan County Partnership Inc financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grants 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Solga & Yakino PA

Farmington, New Mexico

December 11, 2013

Solga & Jakino PA

Certified Public Accountant

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Directors
San Juan County Partnership, Inc.

Report on Compliance for Each Major Federal Program

We have audited San Juan County Partnership Inc compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of San Juan County Partnership Inc's major federal programs for the year ended June 30, 2013. San Juan County Partnership Inc's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of San Juan County Partnership Inc's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about San Juan County Partnership Inc's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of San Juan County Partnership Inc's compliance.

Opinion on Each Major Federal Program

In our opinion, San Juan County Partnership Inc complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of San Juan County Partnership Inc is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered San Juan County Partnership Inc's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of San Juan County Partnership Inc's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Solga & Jakino PA

Farmington, New Mexico

December 11, 2013

SUPPLEMENTAL INFORMATION

SAN JUAN COUNTY PARTNERSHIP, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDING June 30, 2013

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	<u>CFDA/Pass- Through Grantor's Number</u>	<u>Agency or Pass Through Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF JUSTICE:			
Direct Program:			
Second Chance for New Mexico Youth Collaborative	16.726	n/a	\$ 235,261
Passed through Local Agency:			
CYFD – U/A Drinking	16.727	n/a	<u>8,543</u>
Total U.S. Department of Justice			<u>243,804</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Programs:			
Office of Community Planning & Development:			
Supportive Housing Agreement	14.235	NM-501-REN-SJCP-2010	60,767
Passed through Local Agency:			
City of Farmington:			
Tenant Based Rental Assistance Program	14.228	11-88847C	12,000
Mortgage Finance Authority:			
Homeless Prevention	14.231	11-01-SJC-RAP-001	154,566
Home Investment Partnership Program, Tenant Based Rental Assist.	14.239	11-01-SJC-RAP-001	<u>53,334</u>
Total Department of Housing and Urban Development			<u>280,667</u>
U.S. DEPARTMENT OF EDUCATION:			
Passed through State of New Mexico:			
21 st Century Community Learning Centers	84.287C	09-924-P527-0185	<u>139,468</u>
U.S. DEPARTMENT OF HEALTH:			
Direct Programs:			
Drug Free Community Support	93.276	5H79SP016377-04	126,287 *
Sober Truth on Preventing Underage Drinking Act	93.243	5H79SP015502-04	11,176 *
Passed through State or Local Governments:			
Office of Substance Abuse Prevention/Dept of Health:			
SGF: Substance Abuse	93.959		75,000 *
SAPT Block Grant-Prevention	93.959		<u>138,780 *</u>
Total Department of Health			<u>351,243</u>

* Major Program

SAN JUAN COUNTY PARTNERSHIP, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDING June 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>CFDA/Pass- Through Grantor's Number</u>	<u>Agency or Pass Through Number</u>	<u>Expenditures</u>
(Continued)			
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:			
Passed through State of New Mexico:			
Americorps	94.006	12-690-13799-1	<u>55,827</u>
Total Federal Awards			<u>\$1,071,009</u>

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of San Juan County Partnership, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB circular a-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

* Major Program

SAN JUAN COUNTY PARTNERSHIP, INC.

SCHEDULE OF FINDINGS
Year Ending June 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weaknesses identified No
Deficiencies identified that are
considered to be material weaknesses No

Noncompliance material to financial statements noted No

Federal Awards:

Internal control over major programs:

Material weaknesses identified No
Deficiencies identified that are
considered to be material weaknesses No

Type of auditor's report issued on compliance for
major programs Unqualified

Any audit findings disclosed that are required to be reported
in accordance with section 510 (a) of Circular A-133 No

Identification of major programs:

U.S. Department of Health:

OSAP CFDA #93.959
Drug Free Community Support 93.276
Sober Truth or Preventing Underage Drinking Act 93.243

Dollar threshold used to distinguish between
Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee Yes

SAN JUAN COUNTY PARTNERSHIP, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

No reportable findings.

SAN JUAN COUNTY PARTNERSHIP, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013

SECTION III – MAJOR FEDERAL AWARD FINDINGS

Information on the major federal program:

U.S. Department of Health:

OSAP	CFDA #93.959
Drug Free Community Support	93.276
Sober Truth or Preventing Underage Drinking Act	93.243

No Findings reportable.