

SAN JUAN COUNTY PARTNERSHIP, INC.  
(A NONPROFIT ORGANIZATION)  
FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION  
YEARS ENDED June 30, 2014 and 2013  
WITH  
REPORT OF CERTIFIED PUBLIC ACCOUNTANT

DALE GERBER, CPA P.C.

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*Certified Public Accountant*



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



September 26, 2014

Dear Friends of San Juan County Partnership, Inc.,

The fiscal reporting in this audit is reflective of the quality programming provided by the Partnership as we consistently implement evidence-based programs that reflect the mission of our organization. Budgetary reductions and increased accountability on the part of our funders have been challenges in the past year. The Partnership has tightened its belt and utilized funding reserves in order to carry us through.

Some of our notable programs are as follows:

- 21<sup>st</sup> Century Community Learning Centers in 3 elementary schools in Aztec and the school in Blanco provide academic instruction and homework help to students after school. The sites foster school success, increase self-worth and a keep children safe after school.
- Place Matters Initiative, funded by the Kellogg Foundation, involves identifying the complex underlying causes of health disparities and defining strategies to address these root causes. The San Juan County Team has identified opportunities for lifelong learning as its mission.
- Positive Community Norms work continues in Shiprock, through the Dine' Ba' Hozho Coalition, working in schools and throughout the community. Surveys continue to show good results, particularly in the areas of reducing alcohol consumption and drinking and driving.
- The Housing Assistance Program is successful in helping the homeless population find housing and become productive community members.
- Evidence based environmental strategies are implemented in addressing DWI and alcohol retail sales, in raising the perception of risk for over-consumption of alcohol and in reducing prescription drug misuse.

Our efforts are combined with those of other agencies and organizations to address community concerns. The Partnership continues to bring programs and initiatives to San Juan County that make our area a better place to live.

Sincerely,

Pamela Drake  
Executive Director

SAN JUAN COUNTY PARTNERSHIP, INC

OFFICIAL ROSTER

June 30, 2014

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

**SAN JUAN COUNTY PARTNERSHIP, INC**

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*Dale Gerber CPA PC*  
*Certified Public Accountant*

## 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, 2014, 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, 2014, 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.

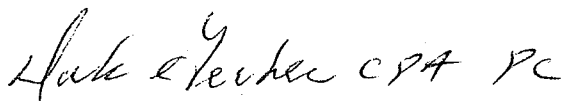
## Other Matter

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, 2013 were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their December 11, 2013 report.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 12, 2014 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  
September 12, 2014

**San Juan County Partnership Inc**  
**Statement Of Financial Position**  
**June 30, 2014 and 2013**

	2014	2013
<b>ASSETS</b>		
Current Assets:		
Cash and Equivalents	\$ 293,300	\$ 176,589
Government Contract Receivables	196,269	205,055
Total Current Assets	489,569	381,644
Property and Equipment:		
Computers and Equipment	18,923	20,821
Vehicles	45,824	45,824
	64,747	66,645
Less Accumulated Depreciation	60,665	63,574
Net Book Value	4,082	3,071
Total Assets	\$ 493,651	\$ 384,715
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts Payable	\$ 20,590	\$ 79,948
Accrued Expenses	2,664	3,359
Accumulated Compensated Absences	18,662	19,139
Deferred Revenue	176,899	-
Total Current Liabilities	218,815	102,446
Net Assets:		
Unrestricted	274,836	282,269
Total Net Assets	274,836	282,269
Total Liabilities and Net Assets	\$ 493,651	\$ 384,715

See Accompanying Notes.



**San Juan County Partnership Inc**  
**Statement Of Unrestricted Activities**  
**For the Years Ended June 30, 2014 and 2013**

	2014	2013
Unrestricted Support and Revenues:		
Support:		
Grants and Contracts	\$ 989,878	\$ 1,223,521
Donated Rent - San Juan College	20,224	20,221
Contributions	16,500	-
Total Unrestricted Support and Revenues	<u>1,026,602</u>	<u>1,243,742</u>
Revenues:		
Interest Income	35	28
Other Program Revenues	9,519	7,259
Total Unrestricted Revenues	<u>9,554</u>	<u>7,287</u>
Total Unrestricted Support and Revenues	<u>1,036,156</u>	<u>1,251,029</u>
Expenses:		
Program Expenses:		
21st Century Learning	256,104	139,469
Substance Abuse Prevention	373,506	539,998
Housing Assistance	126,910	286,431
Community Prevention & Wellness	252,618	292,794
Total Program Expenses	<u>1,009,138</u>	<u>1,258,692</u>
Supporting Services:		
Management and General	<u>34,451</u>	<u>64,827</u>
Total Expenses	<u>1,043,589</u>	<u>1,323,519</u>
Increase (Decrease) in Unrestricted Net Assets	(7,433)	(72,490)
Net Assets, Beginning	<u>282,269</u>	<u>354,759</u>
Net Assets, Ending	<u>\$ 274,836</u>	<u>\$ 282,269</u>

See Accompanying Notes.

**San Juan County Partnership Inc**  
**Statement Of Functional Expenses**  
**For the Year Ended June 30, 2014**  
**With Comparative Totals for the Year Ended June 30, 2013**

	<u>Program Expenses</u>				<u>Supporting Services</u>		<u>2014 Total</u>	<u>2013 Total</u>
	<u>21st Century Learning</u>	<u>Substance Abuse Prevention</u>	<u>Housing Assistance</u>	<u>Community Prevention &amp; Wellness</u>	<u>Management &amp; General</u>			
Salaries	\$ 168,865	\$ 229,351	\$ 60,787	\$ 88,677	\$ 4,220	\$ 551,900	\$ 573,047	
Payroll Taxes	14,668	18,885	5,194	7,875	2,907	49,529	48,519	
Employee Benefits	435	3,338	1,433	634	-	5,840	23,723	
Program Expenses	42,365	30,495	51,012	103,807	7,781	235,460	500,965	
Travel	1,512	2,894	171	3,283	1,022	8,882	11,344	
Supplies	15,982	2,137	608	3,021	692	22,440	17,353	
Bank Charges	-	-	-	-	169	169	214	
Insurance	4,673	9,085	2,014	1,020	7,675	24,467	15,183	
Professional Services	3,000	48,834	2,150	34,891	3,098	91,973	74,989	
Communication	622	6,256	2,697	2,144	346	12,065	11,864	
Rent	3,209	18,446	607	6,652	3,984	32,898	32,896	
Training	735	53	-	-	-	788	1,447	
Depreciation	-	-	-	-	2,013	2,013	4,144	
Postage	38	1,339	163	85	175	1,800	2,309	
Vehicle Expense	-	2,393	74	529	368	3,364	5,522	
<b>Totals</b>	<b>\$ 256,104</b>	<b>\$ 373,506</b>	<b>\$ 126,910</b>	<b>\$ 252,618</b>	<b>\$ 34,451</b>	<b>\$ 1,043,589</b>	<b>\$ 1,323,519</b>	

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**

	<u>Program Expenses</u>				<u>Supporting Services</u>		<u>2013 Total</u>	<u>2012 Total</u>
	<u>21st Century Learning</u>	<u>Substance Abuse Prevention</u>	<u>Housing Assistance</u>	<u>Community Prevention &amp; Wellness</u>	<u>Management &amp; General</u>			
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	
<b>Totals</b>	<b>\$ 139,469</b>	<b>\$ 539,998</b>	<b>\$ 286,431</b>	<b>\$ 292,794</b>	<b>\$ 64,827</b>	<b>\$ 1,323,519</b>	<b>\$ 1,442,816</b>	

See Accompanying Notes

**San Juan County Partnership Inc**  
**Statement Of Cash Flows**  
**For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Cash Flow from Operating Activities:		
Increase (Decrease) in Net Assets	\$ (7,433)	\$ (72,490)
Adjustments to Reconcile Net assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,013	4,144
Changes in Operating Assets and Liabilities:		
Accounts Receivable	8,786	38,196
Accounts Payable	(59,358)	23,580
Accrued Expenses	(1,172)	3,625
Deferred Revenue	176,899	-
Net Cash Provided (Used) by Operating Activities	<u>119,735</u>	<u>(2,945)</u>
Cash Flows From Investing Activities:		
Purchases of Fixed Assets	<u>(3,024)</u>	-
Net Cash Provided (Used) by Investing Activities	<u>(3,024)</u>	-
Net Increase (Decrease) in Cash	116,711	(2,945)
Cash at the Beginning of the Year	<u>176,589</u>	<u>179,534</u>
Cash at the End of the Year	<u>\$ 293,300</u>	<u>\$ 176,589</u>

See Accompanying Notes.

SAN JUAN COUNTY PARTNERSHIP, INC  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED June 30, 2014 and 2013

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**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:

*21<sup>st</sup> 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, 2014 and 2013

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**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, 2014 and 2013, 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, 2014 and 2013

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**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 Citizens Bank, and Fidelity Investments are secured by the Federal Deposit Insurance Corporation (F.D.I.C.) up to \$250,000. At June 30, 2014, 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, 2014 and 2013 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, 2014 and 2013

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**4. Amount Held in Trust for Others (continued)**

	<u>2014</u>	<u>2013</u>
San Juan Step	\$ -	\$2,257
Shiprock Skate Park	4,477	3,578
CCH	5,767	5,800
Healthy Infant Practices	-	<u>46</u>
Total	<u>\$ 10,244</u>	<u>\$ 11,681</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, 2014 and 2013 the Organization incurred an expense of \$2046 and \$2,384.

**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, 2014, the Organization received approximately 95% 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, 2014 and 2013 accumulated compensated absences are valued at the employee current rate of pay of \$18,662 and \$19,139, 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, 2014 and 2013

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**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, 2014 and 2013, the annual fair market rental value of the office is estimated at \$32,898 and \$32,895, and is recorded as an expense. During the years ending June 30, 2014 and 2013 the Partnership paid San Juan College \$12,674 and \$12,674, and San Juan College's contribution of \$20,224 and \$20,221, 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 September 12, 2014, the date of financial statement issuance. No events were found that would require disclosure or would affect the financial statements as of June 30, 2014.

**9. Deferred Revenue**

Deferred revenue of \$176,899 has been recorded as a current liability as of June 30, 2014. This amount results from the Place Matters program which was began in this last fiscal year. The grantor, Santa Fe Community Foundation, made payments to San Juan County Partnership of \$246,243 for a contract term from 11/25/2013 to 5/31/2015. San Juan County Partnership expensed \$69,343 in the period from 11/25/2013 to 6/30/2014. The remaining funds have been deferred to the next fiscal year to match with the related expenses.

**COMPLIANCE AND INTERNAL CONTROL  
STRUCTURE REPORTS**

*Dale Gerber CPA PC*

*Certified Public Accountant*

**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, 2014 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 September 12, 2014.

**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.

*Nate Greber CPA PC*

Farmington, New Mexico  
September 12, 2014

*Dale Gerber CPA PC*

*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, 2014. 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, 2014.

### **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.

*Chabé Herrera CPA PC*

Farmington, New Mexico

September 12, 2014

SAN JUAN COUNTY PARTNERSHIP, INC.

SCHEDULE OF FINDINGS  
Year Ending June 30, 2014

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 Education:

21<sup>st</sup> Century Learning Centers CFDA # 84.287c

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.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

No reportable findings.



SAN JUAN COUNTY PARTNERSHIP, INC.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2014

SECTION III – MAJOR FEDERAL AWARD FINDINGS

Information on the major federal program:

U.S. Department of Education:

21<sup>st</sup> Century Learning Centers

CFDA #84.287c

No Findings reportable.

**SUPPLEMENTAL INFORMATION**

SAN JUAN COUNTY PARTNERSHIP, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDING June 30, 2014

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>
<b>U.S. DEPARTMENT OF JUSTICE:</b>			
Direct Program:			
Second Chance for New Mexico Youth Collaborative	16.726	n/a	\$ 55,336
Passed through Local Agency:			
CYFD – U/A Drinking	16.727	n/a	<u>5,475</u>
Total U.S. Department of Justice			<u>60,811</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>			
Direct Programs:			
Office of Community Planning & Development:			
Supportive Housing Agreement	14.235	NM-501-REN-SJCP-2010	61,032
Passed through Local Agency:			
City of Farmington:			
Tenant Based Rental Assistance Program	14.228	13-97725E	12,000
Mortgage Finance Authority:			
Homeless Prevention	14.231	12-01-SJC-RAP-001	22,910
Home Investment Partnership Program, Tenant Based Rental Assist.	14.239	13-02-SJC-RAP-001	<u>29,532</u>
Total Department of Housing and Urban Development			<u>125,474</u>
<b>U.S. DEPARTMENT OF EDUCATION:</b>			
Passed through State of New Mexico:			
21 <sup>st</sup> Century Community Learning Centers	84.287C	13-924-P527-0183-2	<u>247,339</u> *
<b>U.S. DEPARTMENT OF HEALTH:</b>			
Direct Programs:			
Drug Free Community Support	93.276	5H79SP016377-04	29,318
Passed Through oither Not for Profit:			
Wake Forest University:			
Evaluating Community Driven Strategies to Prevent Underage Drinking Parties	93.273	5R01AA020629-02	8,054
Passed through State or Local Governments:			
Office of Substance Abuse Prevention/Dept of Health:			
SGF: Substance Abuse	93.959		72,384
SAPT Block Grant-Prevention	93.959		<u>140,324</u>
Total Department of Health			<u>250,080</u>

SAN JUAN COUNTY PARTNERSHIP, INC.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDING June 30, 2014

<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>3,840</u>
Total Federal Awards			\$ <u>687,544</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