

**Financial Statements and
Independent Auditor's Report
For the Years Ended June 30, 2018 and 2017**



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INTRODUCTORY SECTION

SAN JUAN COUNTY PARTNERSHIP, INC.

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



January, 2019

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. We have maintained program funding, but with the current economic climate, we have been challenged to obtain adequate infrastructure support. The Partnership has done its best to maximize our resources.

The Partnership continues to bring programs to our community that help to make San Juan County a better place to live. A couple of examples during the past year are the development of a community garden that helped our residents to learn about gardening and resulted in local people harvesting local vegetables. Our prescription drug prevention work is implemented to help curb the opioid crisis in our nation.

Since our establishment in 1991, San Juan County Partnership has worked in collaboration with community organizations and leaders to address community concerns. We look forward to continuing our work and being accountable to our community.

Sincerely,

A handwritten signature in blue ink, appearing to read "Pamela Drake", is written over a light blue horizontal line.

Pamela Drake
Executive Director

SAN JUAN COUNTY PARTNERSHIP, INC.

OFFICIAL ROSTER

JUNE 30, 2018

BOARD OF DIRECTORS

Kristine Carlson	Board Chair
John Dean	Vice-Chair
Sara Kaynor	Secretary/Treasurer
Roque Velarde	Member
Lorenzo Reyes	Member
Victor Valdez	Member

ADMINISTRATIVE OFFICIALS

Pamela Drake	Executive Director
Deborah Frank	Office Mgr/Bookkeeper

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FINANCIAL SECTION



Manning Accounting and Consulting Services, LLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
San Juan County Partnership, Inc.
Farmington, New Mexico

We have audited the accompanying financial statements of San Juan County Partnership, Inc., (a New Mexico nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Juan County Partnership, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

The introductory section on pages 1 through 3 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018 on our consideration of San Juan County Partnership, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Juan County Partnership, Inc.'s internal control over financial reporting and compliance.

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
November 30, 2018

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FINANCIAL STATEMENTS

SAN JUAN COUNTY PARTNERSHIP, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 100,308	\$ 128,049
Contracts receivable	66,465	76,671
Other current assets	6,858	2,650
<i>Total current assets</i>	173,631	207,370
Equipment, net of accumulated depreciation of \$58,853 and \$63,022	185	387
<i>Total assets</i>	\$ 173,816	\$ 207,757
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable	\$ 7,252	\$ 5,943
Accrued expenses	1,963	2,285
Accrued compensated absences	26,810	25,170
Unearned revenue	5,217	-
<i>Total current liabilities</i>	41,242	33,398
<i>Net assets</i>		
Unrestricted net assets	132,572	169,359
<i>Total net assets</i>	132,572	169,359
<i>Total liabilities and net assets</i>	\$ 173,814	\$ 202,757

See accompanying notes to the financial statements.

SAN JUAN COUNTY PARTNERSHIP, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
UNRESTRICTED SUPPORT AND REVENUES		
<i>Support</i>		
Government grants and contracts	\$ 797,079	\$ 855,839
In-kind rent	19,230	20,224
<i>Total support</i>	816,309	876,063
<i>Revenues</i>		
Interest income	750	129
Other program revenues	5,091	4,861
Total revenues	5,841	4,990
<i>Total unrestricted support and revenues</i>	822,150	881,053
EXPENSES		
<i>Program expenses</i>		
Substance abuse prevention	287,858	363,362
Housing assistance	390,173	344,799
Community prevention & wellness	141,751	151,365
<i>Total program expenses</i>	819,782	859,526
<i>Supporting services</i>		
Management and general	37,281	47,820
Fundraising	1,874	4,750
<i>Total support services</i>	39,155	52,570
<i>Total expenses</i>	858,937	912,096
Increase (decrease) in unrestricted net assets	(36,787)	(31,043)
Unrestricted net assets, beginning	169,359	200,402
Unrestricted net assets, ending	\$ 132,572	\$ 169,359

See accompanying notes to the financial statements.

SAN JUAN COUNTY PARTNERSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program Expenses</u>			<u>Support Services</u>		<u>Total</u>
	<u>Substance Abuse Prevention</u>	<u>Housing Assistance</u>	<u>Community Prevention & Wellness</u>	<u>Management & General</u>	<u>Fundraising</u>	
Bank charges	\$ -	\$ -	\$ -	\$ 62	\$ -	\$ 62
Communication	3,320	2,491	2,903	1,230	-	9,944
Employee benefits	12,086	560	720	443	-	13,809
Insurance	4,744	7,029	3,177	4,884	-	19,834
Maintenance & repairs	-	-	-	-	-	0
Other	1,606	-	-	3,397	-	5,003
Payroll taxes	14,097	7,795	8,819	1,674	-	32,385
Postage	154	120	10	97	-	381
Professional services	54,500	4,831	-	5,795	-	65,126
Program expenses	5,157	267,408	3,410	340	-	276,315
Rent	15,146	3,665	10,269	2,202	-	31,282
Salaries and wages	173,049	94,092	104,412	15,908	-	387,461
Supplies	1,572	1,562	1,407	310	1,874	6,725
Training	-	80	200	80	-	360
Travel	1,380	403	4,568	407	-	6,758
Vehicle expense	1,047	137	1,856	250	-	3,290
Depreciation	-	-	-	202	-	202
Total expenses	<u>\$ 287,858</u>	<u>\$ 390,173</u>	<u>\$ 141,751</u>	<u>\$ 37,281</u>	<u>\$ 1,874</u>	<u>\$ 858,937</u>

See accompanying notes to the financial statements.

SAN JUAN COUNTY PARTNERSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program Expenses</u>			<u>Support Services</u>		<u>Total</u>
	<u>Substance Abuse Prevention</u>	<u>Housing Assistance</u>	<u>Community Prevention & Wellness</u>	<u>Management & General</u>	<u>Fundraising</u>	
Bank charges	\$ -	\$ -	\$ -	\$ 361	\$ -	\$ 361
Communication	5,136	1,811	2,848	263	-	10,058
Employee benefits	10,975	380	849	171	-	12,375
Insurance	10,054	6,053	2,120	4,201	-	22,428
Maintenance & repairs	-	-	-	600	-	600
Other	-	-	-	3,278	-	3,278
Payroll taxes	15,676	7,627	9,152	1,254	-	33,709
Postage	495	698	278	143	-	1,614
Professional services	72,487	2,361	10,000	3,029	-	87,877
Program expenses	30,747	228,373	4,496	8,104	-	271,720
Rent	17,549	3,160	9,534	2,655	-	32,898
Salaries and wages	189,561	90,998	103,712	19,961	-	404,232
Supplies	2,038	2,297	1,167	1,053	4,750	11,305
Training	92	-	-	-	-	92
Travel	6,012	939	6,552	1,419	-	14,922
Vehicle expense	2,540	102	657	713	-	4,012
Depreciation	-	-	-	615	-	615
Total expenses	<u>\$ 363,362</u>	<u>\$ 344,799</u>	<u>\$ 151,365</u>	<u>\$ 47,820</u>	<u>\$ 4,750</u>	<u>\$ 912,096</u>

See accompanying notes to the financial statements.

SAN JUAN COUNTY PARTNERSHIP, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants and contracts	\$ 807,502	\$ 926,832
Cash received from other program revenues	5,091	4,861
Cash received from interest	750	129
Cash paid to employees and for other support	(560,561)	(621,145)
Cash paid for program expenses	(280,523)	(271,273)
Net cash provided (used) by operating activities	(27,741)	39,404
Net increase (decrease) in cash and cash equivalents	(27,741)	39,404
Cash and cash equivalents, beginning of period	128,049	88,645
Cash and cash equivalents, end of period	\$ 100,308	\$ 128,049
Reconciliation of change in net position to net cash provided by operating activities:		
Change in net assets	\$ (36,787)	\$ (31,043)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	202	616
Loss on disposal of property and equipment	-	722
(Increase) decrease in operating assets:		
Contracts receivable	10,206	67,993
Prepaid expenses	(4,208)	447
Increase (decrease) in operating liabilities:		
Accounts payable	1,311	(3,948)
Accrued expenses	(322)	(2,743)
Accrued compensated absences	1,640	4,360
Unearned revenue	217	3,000
Net cash provided (used) by operating activities	\$ (27,741)	\$ 39,404
Supplemental disclosure cash flow information:		
Cash paid for interest	\$ -	\$ -
Cash paid for income tax	\$ -	\$ -

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. **ORGANIZATION - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Purpose of the Organization

San Juan County Partnership, Inc. (the Organization) is a 501(c)(3) non-profit corporation which was incorporated under the laws of the State of New Mexico in 1933. The Organization provides a complete range of health and welfare services to the community of San Juan County, New Mexico. The Organization is comprised of a primary office in Farmington, New Mexico. The services provided by the Organization are funded by grants and contracts from the various Federal, state, and local sources. The Organization is controlled by an elected Board of Directors as identified in the accompanying roster.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned rather than when received, and expenses are recognized when the related liability is incurred rather than when paid.

Basis of Presentation

Financial statement presentation follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a Statement of Cash Flows. As permitted by the statement, the Organization does not use fund accounting and only has unrestricted net assets.

Program Services

San Juan County Partnership, Inc. conducts the following programs:

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 and implementing prevention programs, policy development, public presentations, and monitoring program results and outcomes. Some of the individual programs include Office of Substance Abuse Prevention, Drug Free Communities, and local underage substance abuse prevention programs. Funding is provided by Federal, State and local sources.

Housing Assistance – This program includes payments for eligible homeless individuals or those at imminent risk of homelessness 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.

1. **ORGANIZATION - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(continued)

Program Services (Continued)

Community Prevention & Wellness – This program provides coordination of community health activities including development and participation in the Community Health Council, AmeriCorps, and assessment and planning. Funding is provided by Federal, State and local sources.

Cash and Cash Equivalents

Cash and cash equivalents include all monies held at financial institutions, including savings accounts and money markets. As of June 30, 2018 and 2017, cash and cash equivalent accounts were insured by FDIC insurance. These balances have not exceeded insured limits of the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk. For purposes of the Statements of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

San Juan County Partnership, Inc.'s policy is to capitalize all disbursements for fixed assets in excess of \$1,500. Individual items with a cost of less than \$1,500 are expensed in the year of acquisition. Donations of property and equipment are recorded at their estimated fair market value at the time of donation. Improvements are capitalized while expenditures for maintenance and repair are charged to operations when incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the Statement of Activities.

Depreciation

Property and equipment are stated at cost. Depreciation of property and equipment is provided over the estimated lives of the respective assets using the straight-line method. The lives of assets are five to seven years.

Net Assets

Unrestricted net assets represent unrestricted resources available to support The Organization's operations. All of the Organization's net assets are classified as unrestricted.

Temporarily restricted net assets represent gifts that are subject to donor-imposed purpose or time restrictions that can be fulfilled either by actions of the Organization pursuant to those restrictions, with the passage of time, or both. Upon satisfaction of such restrictions, net assets are released from temporarily restricted net assets and recognized as unrestricted net assets. The Organization has no net assets classified as temporarily restricted net assets at this time.

Permanently restricted net assets represent gifts with donor-imposed restrictions that the original gift amounts be maintained in perpetuity as an endowment. The Organization has no net assets classified as permanently restricted net assets at this time.

1. **ORGANIZATION - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(continued)

Contract Services

San Juan County Partnership, Inc. received approximately 98 percent of its total revenues from contracts with Federal and State agencies.

Allowance for Doubtful Accounts

It is the opinion of management that contracts receivable are fully collectible and that an allowance for doubtful accounts is not necessary.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated to programs based on the allowable program's administrative purpose, not the allocable benefit of that cost to the program served.

Income Taxes

San Juan County Partnership, Inc. is exempt from Federal income taxes under the Internal Revenue Code Section 501(c)(3) and files an annual information return (Form 990) with the Internal Revenue Service and copies of Form 990 with states in which the Organization is registered, as required. San Juan County Partnership, Inc. has received a ruling from the Internal Revenue Service that it is not a private foundation under Section 509(a) of the Internal Revenue Code. No provision for income taxes for unrelated business income was necessary for either of the years ended June 30, 2018 and 2017. The statute of limitations for examination of the Organization's returns expires three years from the due date of the return or the date filed, whichever is later. The Organization's returns for the years ended June 30, 2015 through 2017, are still open for examination and management anticipates the statute of limitations for the return for the year ended June 30, 2018, will expire in February 2021.

Vacation and Sick Pay

It is the policy of San Juan County Partnership, Inc. to permit full time employees to begin to earn paid vacation on the first day of employment. Those employees who have completed initial eligibility up to three years may accrue up to 10 days (120 hours) of vacation which may be carried over into the next year. Three years to seven years accrue 15 days, seven to ten years accrue 20 days, ten to fifteen years accrue 25 days, and fifteen plus years accrue 30 days. Employees may not accrue more than 30 days of leave in any year.

Upon termination of employment, only employees who have worked for San Juan County Partnership, Inc., who provided a minimum of a two week (10 working days) written notice will be eligible to receive payment for up to 30 days of accrued vacation time. A liability of \$26,810 at June 30, 2018 and \$25,170 at June 30, 2017 has been accrued to represent the Organization's commitment to fund such costs. Sick pay does not vest to employees upon separation.

1. **ORGANIZATION - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(continued)

Use of 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 that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates include the useful lives of property and equipment, determinations of current and non-current portions of accrued leave, and allowances for doubtful accounts. Accordingly, actual results could differ from those estimates.

2. **CONTRACTS RECEIVABLE**

The details of contracts receivable at June 30, 2018 and 2017 are presented below:

Payee	<u>2018</u>	<u>2017</u>
Department of Health and Human Services	\$ 14,022	\$ 19,595
Department of Housing and Urban Development	17,174	25,915
New Mexico Department of Health	6,297	4,334
New Mexico Mortgage Finance Authority	-	7,862
Tse Da Kaan Chapter	12,208	6,118
United Behavioral Health	10,264	9,399
Other	6,500	3,448
Total	<u>\$ 66,465</u>	<u>\$ 76,671</u>

3. **PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30, 2018 and 2017:

	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2018</u>
Capital assets used in governmental activities:				
Furniture, fixtures, and equipment	13,416	-	-	13,416
Vehicles	45,824	-	-	45,824
Total capital assets being depreciated	<u>59,240</u>	<u>-</u>	<u>-</u>	<u>59,240</u>
Less accumulated depreciation:				
Furniture, fixtures, and equipment	13,029	202	-	13,231
Vehicles	45,824	-	-	45,824
Total accumulated depreciation	<u>58,853</u>	<u>202</u>	<u>-</u>	<u>59,055</u>
Total capital assets, net of depreciation	<u>\$ 387</u>	<u>\$ (202)</u>	<u>\$ -</u>	<u>\$ 185</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$202 and \$616, respectively.

4. UNEARNED REVENUE

Unearned revenue of \$5,217 was recorded in the current year. These funds include \$3,596 from Childhaven which were received in the prior year for the STOP program but which have not been used yet. Additionally, \$1,623 was received from NMCEH for housing assistance for veterans which is to be used in the 2018-2019 fiscal year. Unearned revenue of \$5,000 was recorded as a current liability as of June 30, 2017. This amount was received from Childhaven.

5. CONCENTRATION OF CREDIT RISK

San Juan County Partnership, Inc. maintains its cash in one financial institution in Farmington, NM and one brokerage account. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000. The cash balances, at times, may exceed Federal insured limits. At June 30, 2018 and 2017, the Organization's deposits were fully insured.

The ability to collect receivables resulting from services provided is affected by general economic conditions in the State of New Mexico. Concentrations of credit risk with respect to receivables results from funding agencies accepting or rejecting claims for services provided. Contracts with Federal and State agencies account for 98 percent of its total revenues. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk

6. CONTINGENCIES

The Organization receives financial assistance from Federal and State sources in the form of grants. The disbursements of the funds received are generally limited to specific compliance requirements as specified in the grant agreement. The Federal and State 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 San Juan County Partnership, Inc.. The amount, if any, of revenues or expenses which may be disallowed by the contracting agency cannot be determined at this time, although San Juan County Partnership, Inc. expects such amounts, if any, to be insignificant.

7. OPERATING LEASE

San Juan County Partnership, Inc. 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 the years ended June 30, 2018 and 2017, the annual fair market rental value of the office is estimated at \$31,282 and \$32,898, respectively. The Organization also recorded \$19,230 and \$20,224 in in-kind rent revenue in 2018 and 2017, respectively.

8. RETIREMENT PLAN

During the years ended June 30, 2018 and 2017, San Juan County Partnership, Inc. sponsored a defined contribution 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 legal limit. Contributions vest to the employee immediately upon contribution. For fiscal years ended June 30, 2018 and 2017 there were employer contributions made for eligible participants of the SEP Plan in the amounts of \$1,539 and \$1,586, respectively. At year-end for 2018 and 2017, there were 3 employees contributing to the plan.

9. EVALUATION OF SUBSEQUENT EVENTS

San Juan County Partnership, Inc. has evaluated subsequent events through November 30, 2018, the date which the financial statements were available to be issued.

San Juan County Partnership, Inc. has determined that there are no subsequent events requiring disclosure.

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COMPLIANCE SECTION



Manning Accounting and Consulting Services, LLC

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 of
San Juan County Partnership, Inc.
Farmington, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Juan County Partnership, Inc. (a New Mexico nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC

Kirtland, New Mexico

November 30, 2018

**SAN JUAN COUNTY PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Section I – Summary of Audit Results

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Control deficiencies identified not considered to be significant deficiencies? | None noted |

**SAN JUAN COUNTY PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

None identified

**SAN JUAN COUNTY PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Section III – Prior Year Audit Findings

Financial Section Findings

FS 2017-001 – I-9 Documentation and Other Payroll Related Issues – Resolved