

Financial Statements and  
Independent Auditor's Report

**San Juan County Partnership, Inc.**

June 30, 2024 and 2023

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
San Juan County Partnership, Inc.

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of San Juan County Partnership, Inc. (a nonprofit organization) (San Juan County Partnership), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of San Juan County Partnership, Inc. as of June 30, 2024 and 2023, 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.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Juan County Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Juan County Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Juan County Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Juan County Partnership's ability to continue as a going concern for a reasonable period of time.

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025, on our consideration of San Juan County Partnership'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 solely 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 effectiveness of San Juan County Partnership's 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's internal control over financial reporting and compliance.

*Logan, Thomas & Johnson, LLC*

Castle Rock, Colorado

March 28, 2025

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## *Financial Statements*

San Juan County Partnership, Inc.  
STATEMENTS OF FINANCIAL POSITION  
June 30,

|   | <u>2024</u>              | <u>2023</u>              |
|---|--------------------------|--------------------------|
| ASSETS  |                          |                          |
| Current assets  |                          |                          |
| Cash and cash equivalents   | \$ 456,744               | \$ 381,972               |
| Contracts and grants receivable, net of allowance for<br>credit losses of \$0 | 261,190                  | 153,843                  |
| Other current assets  | <u>8,436</u>             | <u>4,052</u>             |
| Total current assets  | 726,370                  | 539,867                  |
| Property and equipment, net   | <u>97,948</u>            | <u>-</u>                 |
| Total assets  | <u><u>\$ 824,318</u></u> | <u><u>\$ 539,867</u></u> |
| LIABILITIES AND NET ASSETS  |                          |                          |
| Current liabilities   |                          |                          |
| Accounts payable  | \$ 18,889                | \$ 5,793                 |
| Accrued expenses  | 4,385                    | 5,309                    |
| Accrued compensated absences  | <u>44,466</u>            | <u>19,220</u>            |
| Total current liabilities   | 67,740                   | 30,322                   |
| Net assets  |                          |                          |
| Without donor restrictions  |                          |                          |
| Undesignated  | <u>756,578</u>           | <u>509,545</u>           |
| Total net assets without donor restrictions                                   | 756,578                  | 509,545                  |
| Total liabilities and net assets  | <u><u>\$ 824,318</u></u> | <u><u>\$ 539,867</u></u> |

The accompanying notes are an integral part of these statements.



San Juan County Partnership, Inc.  
STATEMENTS OF ACTIVITIES  
Year ended June 30,

|                                   | Without donor restrictions |              |
|-----------------------------------|----------------------------|--------------|
|                                   | 2024                       | 2023         |
| Revenues and support              |                            |              |
| Support                           |                            |              |
| Government grants and contracts   | \$ 2,451,897               | \$ 1,563,185 |
| Contributions                     | 3,296                      | -            |
| Total support                     | 2,455,193                  | 1,563,185    |
| Revenues                          |                            |              |
| Interest income                   | 2,003                      | 1,346        |
| Other program revenues            | 10,195                     | 73,857       |
| Total revenues                    | 12,198                     | 75,203       |
| Total support and revenues        | 2,467,391                  | 1,638,388    |
| Expenses                          |                            |              |
| Program expenses                  |                            |              |
| Substance abuse prevention        | 642,655                    | 611,581      |
| Housing assistance                | 1,445,132                  | 792,321      |
| Community prevention and wellness | 77,063                     | 106,613      |
| Total program expenses            | 2,164,850                  | 1,510,515    |
| Supporting services               |                            |              |
| Management and general            | 55,508                     | 30,613       |
| Total supporting services         | 55,508                     | 30,613       |
| Total expenses                    | 2,220,358                  | 1,541,128    |
| CHANGE IN NET ASSETS              | 247,033                    | 97,260       |
| Net assets, beginning of year     | 509,545                    | 412,285      |
| Net assets, end of year           | \$ 756,578                 | \$ 509,545   |

The accompanying notes are an integral part of these statements.

San Juan County Partnership, Inc.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2024

|                        | <b>Program Expenses</b> |                     |                  | <b>Supporting Services</b> |                     |
|------------------------|-------------------------|---------------------|------------------|----------------------------|---------------------|
|                        | Substance               | Housing             | Community        | Management                 | Total               |
|                        | abuse                   | assistance          | prevention       | and general                |                     |
|                        | prevention              |                     | and wellness     |                            |                     |
| Expenses               |                         |                     |                  |                            |                     |
| Bank charges           | \$ -                    | \$ -                | \$ -             | \$ 99                      | \$ 99               |
| Communication          | 9,690                   | 11,800              | 1,511            | 1,281                      | 24,282              |
| Employee benefits      | 26,724                  | 34,144              | 2,551            | 4,838                      | 68,257              |
| Insurance              | 15,152                  | 6,802               | 61               | 400                        | 22,415              |
| Membership and dues    | 624                     | 814                 | 20               | 79                         | 1,537               |
| Other                  | 646                     | 1,358               | -                | 1,931                      | 3,935               |
| Payroll processing fee | 5,490                   | 2,880               | 207              | 641                        | 9,218               |
| Payroll taxes          | 21,682                  | 26,073              | 1,405            | 1,014                      | 50,174              |
| Postage                | 431                     | 493                 | 149              | 37                         | 1,110               |
| Printing               | 1,300                   | -                   | -                | -                          | 1,300               |
| Professional services  | 138,665                 | 123,189             | 14,839           | 3,613                      | 280,306             |
| Program expenses       | 97,521                  | 825,227             | 31,641           | 2,820                      | 957,209             |
| Rent                   | 6,848                   | 13,412              | 1,440            | 500                        | 22,200              |
| Salaries and wages     | 294,679                 | 338,619             | 17,983           | 34,610                     | 685,891             |
| Supplies               | 8,662                   | 13,847              | 1,142            | 949                        | 24,600              |
| Training               | 7,254                   | 9,770               | 487              | 1,710                      | 19,221              |
| Travel                 | 5,889                   | 3,014               | 191              | -                          | 9,094               |
| Utilities              | 1,268                   | 3,503               | -                | 910                        | 5,681               |
| Vehicle expense        | 130                     | 12,626              | 3,436            | 76                         | 16,268              |
| Depreciation           | -                       | 17,561              | -                | -                          | 17,561              |
| Total expenses         | <u>\$ 642,655</u>       | <u>\$ 1,445,132</u> | <u>\$ 77,063</u> | <u>\$ 55,508</u>           | <u>\$ 2,220,358</u> |

The accompanying notes are an integral part of this statement.

San Juan County Partnership, Inc.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2023

|                        | <b>Program Expenses</b>          |                       |  | <b>Supporting<br/>Services</b> |                     |
|------------------------|----------------------------------|-----------------------|--|--------------------------------|---------------------|
|                        | Substance<br>abuse<br>prevention | Housing<br>assistance | Community<br>prevention<br>and<br>wellness | Management<br>and general      | Total               |
| Expenses               |                                  |                       |  |                                |                     |
| Bank charges           | \$ -                             | \$ -                  | \$ -                                       | \$ 130                         | \$ 130              |
| Communication          | 4,842                            | 9,539                 | 997  | 2,424                          | 17,802              |
| Employee benefits      | 27,716                           | 17,576                | 3,856                                      | 1,538                          | 50,686              |
| Insurance              | 6,900                            | 7,287                 | 2,465                                      | 2,209                          | 18,861              |
| Membership and dues    | 1,379                            | -                     | -  | 1,152                          | 2,531               |
| Other                  | 153                              | 1,237                 | 289  | 2,327                          | 4,006               |
| Payroll processing fee | 310                              | 1,772                 | 12,185                                     | 439                            | 14,706              |
| Payroll taxes          | 19,943                           | 16,339                | 4,006                                      | 1,955                          | 42,243              |
| Postage                | 426                              | 338                   | 211  | 205                            | 1,180               |
| Printing               | 1,300                            | 950                   | -  | -                              | 2,250               |
| Professional services  | 126,763                          | 10,812                | 102  | 3,855                          | 141,532             |
| Program expenses       | 123,146                          | 477,703               | 29,576                                     | 2,626                          | 633,051             |
| Rent                   | 6,077                            | 7,867                 | 2,532                                      | 3,224                          | 19,700              |
| Salaries and wages     | 271,749                          | 210,372               | 43,463                                     | 4,471                          | 530,055             |
| Supplies               | 7,579                            | 12,954                | 2,731                                      | 1,605                          | 24,869              |
| Training               | 8,006                            | 8,989                 | 3,100                                      | 900                            | 20,995              |
| Travel                 | 2,859                            | 2,715                 | 521  | 160                            | 6,255               |
| Utilities              | 1,832                            | 2,972                 | 379  | 1,021                          | 6,204               |
| Vehicle expense        | 601                              | 2,899                 | 200  | 372                            | 4,072               |
| Total expenses         | <u>\$ 611,581</u>                | <u>\$ 792,321</u>     | <u>\$ 106,613</u>                          | <u>\$ 30,613</u>               | <u>\$ 1,541,128</u> |

The accompanying notes are an integral part of this statement.

San Juan County Partnership, Inc.  
STATEMENTS OF CASH FLOWS  
Year ended June 30,

|  | <u>2024</u>              | <u>2023</u>              |
|--|--------------------------|--------------------------|
| Cash flows from operating activities   |                          |                          |
| Change in net assets   | \$ 247,033               | \$ 97,260                |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |                          |                          |
| Depreciation   | 17,561                   | -                        |
| (Increase) decrease in contracts receivable  | (107,347)                | 61,743                   |
| Increase in other current assets   | (4,384)                  | (2,358)                  |
| Increase in accounts payable   | 13,096                   | 4,656                    |
| Decrease in accrued expenses   | (924)                    | (406)                    |
| Increase in compensated absences   | 25,246                   | -                        |
| Net cash provided by operating activities  | <u>190,281</u>           | <u>160,895</u>           |
| Cash flows provided from investing activities  |                          |                          |
| Purchase of land, building and equipment   | <u>(115,509)</u>         | <u>-</u>                 |
| Net cash used in investing activities  | <u>(115,509)</u>         | <u>-</u>                 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS  | 74,772                   | 160,895                  |
| Cash and cash equivalents, beginning of year   | <u>381,972</u>           | <u>221,077</u>           |
| Cash and cash equivalents, end of year   | <u><u>\$ 456,744</u></u> | <u><u>\$ 381,972</u></u> |

The accompanying notes are an integral part of these statements.

San Juan County Partnership, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This description of San Juan County Partnership, Inc.'s (San Juan County Partnership) nature of activities and summary of significant accounting policies is presented to assist in understanding San Juan County Partnership's financial statements.

1. *Purpose of San Juan County Partnership*

San Juan County Partnership, Inc., a non-profit corporation, was incorporated under the laws of the State of New Mexico in 1993 for the purpose of providing a complete range of health and welfare services to the community of San Juan County, New Mexico. San Juan County Partnership is located in Farmington, New Mexico. The services provided by San Juan County Partnership are funded by grants and contracts from the various Federal, state, and local sources. San Juan County Partnership is controlled by an elected Board of Directors.

2. *Description of Services Provided*

The major program services or supports and functional activities directly provided or purchased by San Juan County Partnership are:

**Program Services**

Substance Abuse Prevention 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 and local underage substance abuse prevention programs. Funding is provided by Federal, State and local sources.

Housing Assistance 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.

Community Prevention and Wellness 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.

San Juan County Partnership, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *Description of Services Provided (Continued)*

**Supporting Services**

Management and general includes those activities necessary for planning, coordination and overall direction of San Juan County Partnership, financial administration, general board activities and other related activities indispensable to San Juan County Partnership's corporate existence.

3. *Basis of Accounting*

The financial statements of San Juan County Partnership have been prepared on the accrual basis, whereby revenues are recorded when services are performed and expenses are recognized when incurred.

4. *Use of Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

5. *Subsequent Events*

San Juan County Partnership has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through March 28, 2025, the date on which the financial statements were issued, and San Juan County Partnership did not identify any events or transactions that would have a material impact on the financial statements.

6. *Cash and Cash Equivalents*

For purposes of the statement of cash flows, San Juan County Partnership considers cash to be cash on hand and cash on deposit and money market accounts, subject to immediate withdrawal, and considers cash equivalents to be certificates of deposit with an original maturity of three months or less. San Juan County Partnership maintains its cash balances in financial institutions, which at times, may exceed federally insured limits. San Juan County Partnership maintains its money market account with an investment institution which is not federally insured and it has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

San Juan County Partnership, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. *Contracts and Grants*

Contracts and grants receivable are due according to contractual terms and are stated at the amount management expects to collect from outstanding balances. San Juan County Partnership has tracked historical loss information for its contracts and grants receivable and determines its allowance for credit loss by considering a number of factors, including the length of time contracts and grants receivable are past due and previous collection history. Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. There was no activity for change in the credit loss allowance for the years ended June 30, 2024 and 2023. The balance of contracts and grants receivable as of July 1, 2022 was \$215,586. San Juan County Partnership writes off contracts and grants receivable to credit loss expense when they become uncollectible. Payments subsequently received on such receivables, if any, are recorded as other revenue.

8. *Property and Equipment*

Property and equipment are reported at cost for purchased assets and estimated fair value, at date of receipt, for donated property. Any asset valued in excess of \$1,500 with a life expectancy of more than one year is capitalized. Depreciation is provided on the straight-line method over the following estimated useful lives:

|                                   | Years |
|-----------------------------------|-------|
| Furniture, fixtures and equipment | 5–7   |
| Vehicles                          | 5     |

9. *Revenue Recognition*

Revenue is reported at the amount that reflects the consideration to which San Juan County Partnership expects to be entitled in exchange for providing services. Program revenue consists primarily of funds received from government grants and contracts, and other services. Billings for services are billed after the services are performed. As performance obligations are satisfied, revenue is recognized.

Performance obligations are determined based on the nature of the services provided. As performance obligations are satisfied over time, revenue is recognized based on when related services are performed. This method provides for the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligations. Transaction price is based on standard charges for services provided, which is set by the granting agencies.

San Juan County Partnership, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. *Accounting for Contributions*

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods, or are restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as increase in net assets without donor restrictions.

11. *Income Taxes*

San Juan County Partnership is operated as a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. San Juan County Partnership recognizes tax liabilities when, despite San Juan County Partnership's belief that its tax return positions are supportable, San Juan County Partnership believes that certain positions may not be fully sustained upon review by tax authorities. Benefits from tax positions are measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. San Juan County Partnership has concluded there is no tax liability or benefit required to be recorded as of June 30, 2024. San Juan County Partnership is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. San Juan County Partnership believes it is no longer subject to income tax examinations for the years prior to the year ended June 30, 2021.

12. *Functional Allocation of Expenses*

The costs of supporting various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated to program and management and general based on estimates of number of employees per department, time and effort, square footage of the office and other methods.



San Juan County Partnership, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. *Recent Accounting Pronouncements*

Effective July 1, 2023, San Juan County Partnership adopted ASU 2016-13, *Financial Instruments—Credit Losses* (Topic 326). This guidance, commonly referred to as Current Expected Credit Loss (CECL), changes impairment recognition to a model that is based on expected losses rather than incurred losses. This measurement of expected credit losses under CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. Upon adoption of the guidance on July 1, 2023, there was no impact to net assets.

NOTE B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

|                                 | <u>2024</u>       | <u>2023</u>       |
|---------------------------------|-------------------|-------------------|
| Cash and cash equivalents       | \$ 456,744        | \$ 381,972        |
| Contracts and grants receivable | <u>261,190</u>    | <u>153,843</u>    |
|                                 | <u>\$ 717,934</u> | <u>\$ 535,815</u> |

As a part of San Juan County Partnership's liquidity management, its goal is generally to maintain financial assets to meet 45 days of operating expenses. As part of the liquidity plan, excess cash is invested in short-term investments, including money market accounts.

NOTE C – CONTRACT AND GRANTS

Amounts receivable from fees for services are as follows at June 30,:

|                     | <u>2024</u>       | <u>2023</u>       |
|---------------------|-------------------|-------------------|
| Fees for service    |                   |                   |
| State of New Mexico | \$ 251,816        | \$ 90,212         |
| Contracts and other | <u>9,374</u>      | <u>63,631</u>     |
|                     | <u>\$ 261,190</u> | <u>\$ 153,843</u> |

San Juan County Partnership, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

NOTE D – PROPERTY AND EQUIPMENT

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

|  | 2024             | 2023          |
|--|------------------|---------------|
| Furniture, fixtures and equipment              | \$ 20,587        | \$ 13,416     |
| Vehicles                                       | <u>131,507</u>   | <u>23,169</u> |
|  | 152,094          | 36,585        |
| Less accumulated depreciation and amortization | <u>54,146</u>    | <u>36,585</u> |
|  | \$ <u>97,948</u> | \$ <u>-</u>   |

Depreciation expense was \$17,561 and \$0 for the years ended June 30, 2023 and 2022, respectively.

NOTE E – LEASES

San Juan County Partnership has made the accounting policy election to account for a short-term lease by recognizing the lease payments in the change in net assets on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred.

San Juan County Partnership leases office space under two operating leases. One lease expired on June 30, 2020 with an option to renew. San Juan County Partnership exercised the renewal option. That lease expired on November 30, 2022 and is being paid on a month-to-month basis. The other lease was entered into on January 1, 2021 and expired on December 31, 2022 and is being paid on a month-to-month basis. Total rent expense for operating leases for the years ended June 30, 2024 and 2023 was \$22,200 and \$19,700, respectively. There are no future minimum rental payments for these leases.

NOTE F – RETIREMENT PLAN

San Juan County Partnership implemented a simple employee pension-individual retirement plan (SEP) in 2011. The Plan requires San Juan County Partnership 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. Employer contributions are fully vested upon contribution. San Juan County Partnership made no contributions to the Plan for the years ended June 30, 2024 and 2023.

San Juan County Partnership, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

NOTE G – FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included salaries and wages which are allocated based on what is recorded per the approved time sheet. Rent, utilities, and maintenance costs are allocated by square footage per department. Telephone and computer expenses are allocated on the basis of number of employees per department. Depreciation expense is allocated based on expected use of the fixed asset per department.

## *Supplementary Information*

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

Board of Directors  
San Juan County Partnership, Inc.

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) (San Juan County Partnership), which comprise the statement of financial position as of June 30, 2024, 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 March 28, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered San Juan County Partnership's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Juan County Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of San Juan County Partnership'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 or significant deficiencies may exist that were not identified.

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

As part of obtaining reasonable assurance about whether San Juan County Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 San Juan County Partnership's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Juan County Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Logan, Thomas + Johnson, LLC*

Castle Rock, Colorado

March 28, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
San Juan County Partnership, Inc.

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited San Juan County Partnership, Inc.'s (a nonprofit organization) (San Juan County Partnership) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of San Juan County Partnership's major federal programs for the year ended June 30, 2024. San Juan County Partnership's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, San Juan County Partnership complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of San Juan County Partnership and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of San Juan County Partnership's compliance with the compliance requirements referred to above.

## *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to San Juan County Partnership's federal programs.

## *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on San Juan County Partnership's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about San Juan County Partnership's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding San Juan County Partnership's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of San Juan County Partnership's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of San Juan County Partnership's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



## Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Logan, Thomas + Johnson, LLC*

Castle Rock, Colorado

March 28, 2025

San Juan County Partnership, Inc.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2024

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title  | Federal<br>CFDA<br>Number | Pass-through Entity<br>Identifying Number | Passed<br>Through to<br>Subrecipients | Federal<br>Expenditures |
|--|---------------------------|---|---------------------------------------|-------------------------|
| <b>U.S. Department of Housing and Urban Development</b>  |                           |   |                                       |                         |
| Passed through City of Farmington, NM:   |                           |   |                                       |                         |
| CDBG-Entitlement Grants Cluster  |                           |   |                                       |                         |
| COVID-19 Community Development Block Grant   | 14.218                    | 21-142803I                                | \$ -                                  | \$ 4,504                |
| Subtotal City of Farmington, NM and<br>CDBG-Entitlements Grants Cluster  |                           |   | -                                     | 4,504                   |
| Passed through New Mexico Mortgage Finance Authority:  |                           |   |                                       |                         |
| Emergency Solutions Grant  | 14.231                    | 22-02-SJC-RAP-001                         | -                                     | 158,138                 |
| COVID-19 HOME Investment Partnerships American<br>Rescue Plan Supportive Services Rapid Rehousing<br>and Homeless Prevention Program | 14.239                    | 22-01-SJC-ARP-001                         | -                                     | 432,079                 |
| Subtotal New Mexico Mortgage Finance Authority:  |                           |   | -                                     | 590,217                 |
| Passed through State of New Mexico:  |                           |   |                                       |                         |
| Continuum of Care  | 14.267                    | NM0090L6B012209                           | -                                     | 147,349                 |
| Continuum of Care  | 14.267                    | NM0090L6B0012108                          | -                                     | 95,866                  |
| Subtotal State of New Mexico   |                           |   | -                                     | 243,215                 |
| Total U.S. Department of Housing and Urban Development   |                           |   | -                                     | 837,936                 |
| <b>U.S. Department of the Treasury</b>   |                           |   |                                       |                         |
| Passed through New Mexico Community Trust  |                           |   |                                       |                         |
| Housing Stability Program  | 21.023                    | HSP-2022-0608                             | -                                     | 49,965                  |
| Total U.S. Department of the Treasury  |                           |   | -                                     | 49,965                  |
| <b>U.S. Department of Health and Human Services</b>  |                           |   |                                       |                         |
| Direct Programs:   |                           |   |                                       |                         |
| Substance Abuse and Mental Health Services Projects  | 93.243                    |   | -                                     | 291,351                 |
| Passed through State of New Mexico:  |                           |   |                                       |                         |
| Substance Abuse and Mental Health Services Projects  | 93.243                    | HSDSPF85301-02                            | -                                     | 131,865                 |
| Substance Abuse Prevention and Treatment Block Grant   | 93.959                    |   | -                                     | 132,000                 |
| Healthy Kids/Healthy Communities   | 93.991                    | NB010T009236-01-00                        | -                                     | 54,005                  |
| Subtotal State of New Mexico   |                           |   | -                                     | 317,870                 |
| Total U.S. Department of Health and Human Services   |                           |   | -                                     | 609,221                 |
| <b>Total Expenditures of Federal Awards</b>  |                           |   | \$ -                                  | \$ 1,497,122            |

The accompanying notes are an integral part of this schedule.

(continued)

San Juan County Partnership, Inc.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES TO THE SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS- CONTINUED  
Year ended June 30, 2024

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of San Juan County Partnership, Inc. under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of San Juan County Partnership, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of San Juan County Partnership, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

San Juan County Partnership, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

San Juan County Partnership, Inc.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2024

*Section I – Summary of Auditor's Results*

**Financial Statements**

Type of report the auditor issued on whether  
the financial statements audited were  
prepared in accordance with GAAP:

- ☒ Unmodified  
☐ Qualified  
☐ Adverse  
☐ Disclaimer

Internal control over financial reporting:  
Material weakness(es) identified?  
Significant deficiency(ies) identified?

- ☐ Yes    ☒ No  
☐ Yes    ☒ None reported

Noncompliance material to financial statements noted?

- ☐ Yes    ☒ No

**Federal Awards**

Internal control over major federal programs:  
Material weakness(es) identified?  
Significant deficiency(ies) identified?

- ☐ Yes    ☒ No  
☐ Yes    ☒ None reported

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

- ☒ Unmodified  
☐ Qualified  
☐ Adverse  
☐ Disclaimer

Any audit findings disclosed that are  
required to be reported in accordance  
with 2 CFR 200.516(a)?

- ☐ Yes    ☒ No

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u>  |
|--------------------|--|
| 14.239             | COVID-19 HOME Investment Partnerships American Rescue Plan<br>Supportive Services Rapid Rehousing and Homeless Prevention<br>Program |

Dollar threshold used to distinguish between  
type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

- ☒ Yes    ☐ No

(continued)

San Juan County Partnership, Inc.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
Year ended June 30, 2024

*Section II – Financial Statement Findings*

No matters were reported.

*Section III – Federal Award Findings and Questioned Costs*

No matters were reported.

San Juan County Partnership Inc.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year ended June 30, 2024

No matters were reported.