San Juan Center for Independence
Financial Statements and
Independent Auditor's Report
For the Years Ended June 30, 2019 and 2018

MACS
Manning Accounting and Consulting Services, LLC

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INTRODUCTORY SECTION

SAN JUAN CENTER FOR INDEPENDENCE

Table of Contents

San Juan Center for Independence

1204 San Juan Blvd. • Farmington, NM 87401 • Phone: 505-566-5827 • Fax: 505-566-5842

Dear Consumers and Supporters,

San Juan Center for Independence (SJCI) is a community based non-profit agency that was established by people with disabilities for people with disabilities. The agency serves as a consumer driven community action program that provides services which help maximize independent living choices for all people regard less of the individuals' disability.

As dictated by Rehabilitation Services Administration (RSA) SJCI provides five core services: Information and Referral to services and supports available in the community. Independent Living Skills training, this can be learning to do anything from cooking and bill paying to accessing public transportation and learning how to set boundaries with others. Peer support, which is a consequence of services being provided by individuals with disabilities to individuals with disabilities. Advocacy can be either for an individual's needs such as obtaining SSI Food Stamps, Medicaid and/or housing, or on the systems change level. I L centers are charged with monitoring local, State and federal issues that affect individuals with disabilities and advocating for change when change is needed. Examples of Systems change advocacy include advocating for an end to the "institutional bias" and promoting Home and Community Based services for individuals who require the nursing home level of care. And finally but certainly not least is the core service of Transition; under this service the center will assist individuals with disabilities to transition out of costly nursing home into their communities and to transition students out of high school into their communities for employment, continuing on with their education, or volunteer opportunities to keep them active within their communities.

In addition to the aforementioned core services SJCI administers the Access Loan New Mexico Program (ALNM) and the NMSEEDLOANS Program. The A LNM program provides loans to qualifying individuals for t h e purchase of assistive technology items. The NMSEEDLOANS provides loans to qualifying individuals who want to start or expand a business and can purchase business equipment. SJCI also administers a Procurement program which provides fundi ng to qualified individuals for ramp; and other devices that serve to maximize their opportunities for independence. Procurement funds do not have to be repaid.

2018/2019 has been a busy year for SJCI. We have been in our new building for 9 years now. We have had 7 harvests from the accessible garden. We have gained more collaboration with other non-profits through the usage of our event room. We have hosted numerous town hall meetings for State organizations.

Independent Living Centers are unique in their philosophy and method of service provision. We are here to teach individuals with disabilities to fish. We do not throw them a fish and give them a fork with which to eat it! IL philosophy encourages consumer direction; meaning that it is the consumer that chooses what services he/she will access. In this way the consumer is the captain of the ship.

SJCI staff is simply here to assist the consumer in navigating the waters and remains dedicated to our consumers in all that we do. San Juan Center is truly a welcome and warm community for those we serve, an oasis in the desert for individuals who are disabled in San Juan County and McKinley County.

Leslie Wright
Executive Director
San Juan Center for Independence

Providing a variety of community based, consumer-driven services to people with disabilities

SAN JUAN CENTER FOR INDEPENDENCE

OFFICIAL ROSTER

JUNE 30, 2019

BOARD OF DIRECTORS

Darrel Snook	President
Sonia Lukow	Vice-President
Charles Phelps	Secretary/Treasurer
Kaylee Wilmer	Member
Terri Kennedy	Member

ADMINISTRATIVE OFFICIALS

Leslie Wright	Executive Director
Vacant	Chief Financial Officer
Larry McCabe	ALNM & Procurement Director

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
San Juan Center for Independence
Farmington, NM

We have audited the accompanying financial statements of San Juan Center for Independence, (a New Mexico nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, 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 audit. We conducted our audit 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.

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Kirtland, NM 87417 (505) 598-3136 (Fax) www.manningacs.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Juan Center for Independence as of June 30, 2019 and 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.

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
November 13, 2020

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FINANCIAL STATEMENTS

SAN JUAN CENTER FOR INDEPENDENCE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,217,522	$ 2,599,213
Grants and contracts receivable	417,173	303,753
Interest receivable	5,036	2,634
Prepaid expenses	13,086	6,934
Total current assets	2,652,817	2,912,534
Noncurrent Assets		
Investments	1,598,595	1,247,728
Deposit	72,102	72,102
Note receivable	2,544	3,344
Property and equipment, net	3,205,622	3,238,127
Total noncurrent assets	4,878,863	4,561,301
Total assets	$ 7,531,680	$ 7,473,835
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 13,467	$ 19,076
Accrued wages and related liabilities	183,430	175,582
Accrued compensated absences	28,290	27,520
Current portion of long-term debt	20,860	19,692
Total current liabilities	246,047	241,870
Long-term debt, net of current portion	369,492	390,350
Net assets		
Without donor restrictions		
Undesignated	4,100,871	4,013,530
Invested in property and equipment, net of related debt	2,815,270	2,828,085
Total net assets	6,916,141	6,841,615
Total liabilities and net assets	$ 7,531,680	$ 7,473,835

See accompanying notes to the financial statements.

SAN JUAN CENTER FOR INDEPENDENCE
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019

	Net Assets without Donor Restrictions	
	2019	2018
REVENUES		
Government contracts and grants	$ 430,326	$ 436,823
Personal care option contract	2,869,967	2,845,883
Contributions	24,307	1,968
Net investment return	83,373	40,924
Other income	2,025	5,799
Total revenues	3,409,998	3,331,397
EXPENSES		
Program expenses	2,839,540	3,091,478
Management and general	495,932	449,202
Total expenses	3,335,472	3,540,680
CHANGE IN NET ASSETS	74,526	(209,283)
NET ASSETS, BEGINNING OF YEAR	6,841,615	7,050,898
NET ASSETS, END OF YEAR	$ 6,916,141	$ 6,841,615

See accompanying notes to the financial statements.

SAN JUAN CENTER FOR INDEPENDENCE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Expenses	Support Services	Total
Salaries	$ 398,847	$ 248,948	$ 647,795
Salaries - personal care option	1,653,418	-	1,653,418
Payroll taxes and benefits	253,439	20,543	273,982
Retirement expense	7,838	165	8,003
Grants to individuals	8,298	94,564	102,862
Advertising	10,978	6,693	17,671
Insurance	72,392	15,764	88,156
Supplies	20,561	3,319	23,880
Maintenance and repairs	15,131	1,948	17,079
Communications	13,750	14,952	28,702
Office expense	9,902	4,682	14,584
Education and training	14,203	8,283	22,486
Depreciation	143,938	-	143,938
Interest expense	24,381	-	24,381
Rent	13,530	29,018	42,548
Professional services	74,992	16,843	91,835
Equipment rental	31,467	3,901	35,368
Utilities	11,856	10,720	22,576
Other	2,377	-	2,377
Uncollectable revenues	47,461	-	47,461
Travel	10,781	15,589	26,370
Total expenses	$ 2,839,540	$ 495,932	$ 3,335,472

See accompanying notes to the financial statements.

SAN JUAN CENTER FOR INDEPENDENCE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Expenses	Support Services	Total
Salaries	$ 450,252	$ 238,945	$ 689,197
Salaries - personal care option	1,802,065	-	1,802,065
Payroll taxes and benefits	235,059	77,520	312,579
Retirement expense	5,261	2,792	8,053
Grants to individuals	136,370	-	136,370
Advertising	15,864	-	15,864
Insurance	93,832	5,672	99,504
Supplies	7,320	3,884	11,204
Maintenance and repairs	30,021	15,932	45,953
Communications	19,406	10,299	29,705
Office expense	7,677	4,073	11,750
Education and training	10,479	5,561	16,040
Depreciation	121,773	26,912	148,685
Interest expense	20,937	4,626	25,563
Rent	31,375	6,935	38,310
Professional services	43,824	23,257	67,081
Equipment rental	17,784	9,438	27,222
Utilities	15,788	3,489	19,277
Other	720	-	720
Uncollectable revenues	7,078	-	7,078
Travel	18,593	9,867	28,460
Total expenses	$ 3,091,478	$ 449,202	$ 3,540,680

See accompanying notes to the financial statements.

SAN JUAN CENTER FOR INDEPENDENCE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 74,526	$ (209,283)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	143,938	148,685
Realized (gain) loss on sale of investments	(61,913)	(43,585)
(Increase) decrease in operating assets:		
Grants and contracts receivable	(113,420)	149,683
Interest receivable	(2,402)	(207)
Prepaid expenses	(6,152)	8,769
Increase (decrease) in operating liabilities:		
Accounts payable	(5,609)	11,347
Accrued expenses	7,848	(36,711)
Accrued compensated absences	770	(11,665)
Net cash provided (used) by operating activities	37,586	17,033
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(111,433)	(366,943)
Acquisition of investments	(680,646)	(22,562)
Proceeds from sale of investments	391,692	185,706
Change in deposits and note receivable	800	839
Net cash provided (used) by investing activities	(399,587)	(202,960)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt	(19,690)	(18,532)
Net cash provided (used) by financing activities	(19,690)	(18,532)
Net increase (decrease) in cash and cash equivalents	(381,691)	(204,459)
Cash and cash equivalents, beginning of period	2,599,213	2,803,672
Cash and cash equivalents, end of period	$ 2,217,522	$ 2,599,213
Supplemental disclosure cash flow information:		
Cash paid during the year for:		
Interest	$ 24,381	$ 25,563
Unrelated buiness income taxes	-	-
	$ 24,381	$ 25,563

See accompanying notes to the financial statements.

1. ORGANIZATION - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of the Organization

San Juan Center for Independence (the Center) is a 501(c)(3) non-profit corporation which was incorporated under the laws of the State of New Mexico in 1999. The Center aids individuals in the removal of physical and attitudinal barriers facing persons with disabilities so that those persons can obtain access to society as equals. Removal of these barriers shall take the form of advocating, providing information and referrals, peer support, and independent living skills for individuals. The Center also provides community-based, consumer-driven services to ensure that persons with disabilities have access to community services, housing, employment, recreation, and health care. The services provided by the Center are funded by grants and contracts from the various Federal, state, and local sources. The Center is controlled by an elected Board of Directors as identified in the accompanying roster.

Funding is provided principally by contracts from the State of New Mexico, Department of Health and Human Services, Department of Education, and Division of Vocational Rehabilitation.

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

The financial statements of the Center have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP") which require the Center to report net assets, revenues, gains, and losses based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restriction, net assets for an operating reserve or other board designated operations. All of the Center's net assets are classified as net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor – (or certain grantor -) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which

1. ORGANIZATION - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

the resource was restricted has been fulfilled, or both. The Center has no net assets with donor restrictions.

The financial statements and notes are representations of management who is responsible for the integrity and objectivity of the financial statements.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Center's ongoing services for individuals with disabilities and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Program Services

San Juan Center for Independence conducts the following programs:

Access Loan New Mexico – This is a statewide, low interest loan program that allows New Mexicans with disabilities to purchase assistive technology or make home modifications so that the individual can live more independently or productively. Loans are reviewed on an individual basis for ability to pay back the loan with monthly payments. The loan is made by a local financial institution and is collateralized by a certificate of deposit from the Center.

NMSEEDLOANS – This is a statewide, low interest loan program that allows New Mexicans with disabilities to purchase needed equipment and home-based business supplies in order to help them with a home-based business or self-employment. "SEED" stands for "Self Employment for Entrepreneurs with Disabilities." The loans are provided by a local financial institution and are considered business loans, so the rate is the current business loan rate of that institution. The loan is collateralized by a certificate of deposit from the Center.

Personal Care Service Program – This program is designed to assist New Mexicans with disabilities to live as independently as possible at home. These individuals, or consumers, hire, schedule, supervise, and fire personal care attendants who help the consumer with a wide variety of duties at home in order to make them more independent. The Center processes payroll and related year-end payroll documents for the personal care attendants after receiving completed payroll documentation.

Independent Living Services – This program is designed to provide New Mexicans with disabilities assistance with independent living plans, skill training, peer support, advocacy, and transition services.

1. ORGANIZATION - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Services (Continued)

All four programs are designed to provide opportunities for individuals with disabilities to obtain more independence in their lives through employment, equipment, mobility, or attendance to everyday needs. As such, all four programs fall under the same umbrella for allocation of functional expenses.

Cash and Cash Equivalents

As of June 30, 2019 and 2018, cash and cash equivalents consist of petty cash, on demand bank deposits, certificates of deposits, and money market accounts. Bank accounts were not fully insured by FDIC insurance as amounts exceed the $250,000 limit. The Center has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk. For purposes of the Statement of Cash Flows, the Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, receivables and liabilities approximate fair value because of the short maturities of these instruments.

Grants and Contracts Receivable

Grants and contracts receivable are due according to contractual terms and are stated at the amount management expects to collect from outstanding balances. The Center determines its allowance by considering a number of factors, including the length of time accounts receivable are past due and the Center's previous collection history. The Center writes off receivables when they become uncollectible and payments subsequently received on such receivables are recorded as revenue.

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 as amounts are written off when uncollectable.

1. ORGANIZATION - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

San Juan Center for Independence's policy is to capitalize all disbursements for fixed assets in excess of $500. Individual items with a cost of less than $2,500 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 depreciated over their following estimated service lives using the straight-line method.

	Years
Buildings	30
Land Improvements	7-15
Equipment	5-7
Vehicles	5-7

Deposit

This amount, $72,102 relates to a certificate of deposit maintained at a local financial institution with the New Mexico Department of Workforce Solutions as a securing party. The deposit allows the Center to self-pay their New Mexico unemployment insurance premiums.

Note Receivable

The note receivable is the remaining amount of an Access Loan New Mexico loan that defaulted on December 22, 2015. The loan was for an accessible vehicle and defaulted due to a loss of employment by an individual with a disability. The Center is allowing the defaulted amount to be paid as the individual is able in order to allow this individual to remain independent and access employment again.

Contract Services

San Juan Center for Independence received approximately 99 percent of its total revenues from contracts with state agencies at June 30, 2019 and 2018.

1. ORGANIZATION - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses have been allocated between program costs, and management and general costs based on estimates and assumptions by management, and the nature of the related activities. Advertising costs are expensed as incurred.

Income Taxes

San Juan Center for Independence 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 Center is registered, as required. San Juan Center for Independence has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Center believes its activities allow it to continue to be classified as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and believes there are no activities subject to unrelated business income tax. No provision for income taxes for unrelated business income was necessary for either of the years ended June 30, 2019 and **2018**. The statute of limitations for examination of the Center's returns expires three years from the due date of the return or the date filed, whichever is later. The Center's returns for the years ended **June 30, 2016** through 2018, are still open for examination and management anticipates the statute of limitations for the return for the year ended June 30, 2019, will expire in November 2023.

Accrued Leave

It is the policy of San Juan Center for Independence 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 two years may accrue up to 8 working hours per month for the number of months they are employed. After two full years full-time staff earn leave at 10 hours per month. After three years they accrue 12 hours per month and after four years they accrue 14 hours per month. Unused annual leave, up to one year's accrual, is regarded as an earned item and is payable to that employee at termination, prorated against the number of working days for that month. Any leave in excess of one year's accrual is not paid upon separation.

Total accrued compensated absence balances were $28,290 and $27,520 at June 30, 2019 and 2018, respectively.

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

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

Use of Estimates

current and non-current portions of accrued leave, and allowances for doubtful accounts. Accordingly, actual results could differ from those estimates.

Reclassification of Financial Statements

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

2. **AVAILABILITY AND LIQUIDITY**

Cash and cash equivalents consist of the following as of June 30, 2019 and 2018:

	Balance June 30, 2019	Balance June 30, 2018
Financial assets at year-end:		
Demand deposit accounts	$ 840,019	$ 1,599,760
Certificates of deposits	1,359,614	954,094
Money market accounts	17,690	45,160
Petty cash	199	199
Contracts and grants receivable	417,173	303,753
Interest receivable	5,036	2,634
Total financial assets	2,639,731	2,905,600
Less amounts not available to be used within one year:		
Net assets with donor restrictions	-	-
Less net assets with pupose restrictions to be met in less than a year	-	-
Restrictions established by the board	-	-
Certificates of deposit pledged as collateral on loans	774,604	582,600
Total restrictions	774,604	582,600
Financial assets availab le to meet general expenditures over the next twelve months	1,865,127	2,323,000

The Center's goal is generally to maintain $600,000 in liquid financial assets, enough to fund approximately two months of expenses.

3. GRANTS AND CONTRACTS RECEIVABLE

The details of grants and contracts receivable at June 30, 2019 and **2018** are presented below:

Payee	Balance June 30, 2019	Balance June 30, 2018
Blue Cross Blue Shield	$ 55,054	$ 23,098
Molina	-	86,504
Presbyterian	265,242	66,734
State of New Mexico	75,974	9,668
United Healthcare	-	115,249
Western Sky	20,903	-
Other	-	2,500
Total	$ 417,173	$ 303,753

4. PREPAID EXPENSES

Prepaid expenses consist of the following as of June 30, 2019 and 2018:

	June 30, 2019	June 30, 2018
Prepaid insurance	$ 2,898	$ 2,899
Other prepaids	10,188	4,036
Total	$ 13,086	$ 6,935

Prepaid expenses consist of insurance premiums, rent, state unemployment taxes, and a caregiver reserve which will benefit the future year. Insurance premiums include director and officer liability, employment practices, flood coverage, and employee medical.

5. INVESTMENTS

The Center has placed investments with a brokerage firm to invest funds in various marketable securities. All investments have a readily determinable market value, and are stated at market value in the financial statements. The market value is based on an observable active market in which quoted prices can be accessed for identical securities on the Statement of Financial Position date. Investments are held for the AFP and NMSL programs. The Center's intention is to hold all investments longer than one year for appreciation in value. A summary of the investments as of June 30, 2019 and 2018, are as follows:

5. INVESTMENTS (Continued)

	Cost	Unrealized Gain	Unrealized Loss	Fair Value
June 30, 2019				
Stocks	$ 94,284	$ 38,149	$ -	$ 132,433
ETF's and CEF's	80,681	-	970	79,711
Mutual Funds	1,050,031	18,481	6	1,068,506
Other	310,284	7,661	-	317,945
Total Restricted	$ 1,535,280	$ 64,291	$ 976	$ 1,598,595

	Cost	Unrealized Gain	Unrealized Loss	Fair Value
June 30, 2018				
Stocks	$ 157,455	$ 43,026	$ -	$ 200,481
ETF's and CEF's	116,748	-	8,505	108,243
Mutual Funds	621,779	4,747	-	626,526
Other	305,607	6,871	-	312,478
Total Restricted	$ 1,201,589	$ 54,644	$ 8,505	$ 1,247,728

Investment income (loss) on these funds for the years ended June 30, 2019 and 2018, were as follows:

	June 30, 2019	June 30, 2018
Interest and dividends	$ 9,976	$ 7,719
Realized gain (loss)	61,913	43,585
Unrealized gain (loss)	23,278	4,760
Investment fee expense	$ (11,794)	$ (15,140)
Net investment return	$ 83,373	$ 40,924

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2019 and **2018**:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	$ 659,750	$ -	$ -	$ 659,750
Total capital assets not being depreciated	659,750	-	-	659,750
Capital assets being depreciated:				
Land improvements	252,356	9,125	-	261,481
Buildings and building improvements	2,935,302	32,368	-	2,967,670
Furniture, fixtures, and equipment	145,319	11,450	-	156,769
Vehicles	261,496	58,490	-	319,986
Total capital assets being depreciated	3,594,473	111,433	-	3,705,906
Less accumulated depreciation:				
Land improvements	42,339	17,177	-	59,516
Buildings and building improvements	635,916	98,563	-	734,479
Furniture, fixtures, and equipment	124,804	9,043	-	133,847
Vehicles	213,037	19,155	-	232,192
Total accumulated depreciation	1,016,096	143,938	-	1,160,034
Total capital assets, net of depreciation	$ 3,238,127	$ (32,505)	$ -	$ 3,205,622

Depreciation expense for the years ended June 30, 2019 and **2018** was $143,938 and $148,685, respectively.

7. LONG-TERM DEBT

Long-term debt consists of a 6% mortgage payable that was incurred when the Center constructed a building in 2012 (original amount of $508,222): The monthly payments are $3,675 through March 2032. As of June 30, 2019 and **June 30, 2018** the mortgage debt balance was $390,352 and $410,042, respectively. The mortgage is secured by real property used by the Center.

Future payments of the mortgage payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	$ 20,860	$ 23,235	$ 44,095
2021	22,229	21,866	44,095
2022	23,620	20,476	44,096
2023	25,097	18,998	44,095
2024	26,620	17,476	44,096
2025-2029	160,504	59,974	220,478
2030-2032	111,422	9,871	121,293
Totals	$ 390,352	$ 171,895	$ 562,248

8. CONCENTRATION OF CREDIT RISK

San Juan Center for Independence maintains various deposit accounts in financial institutions and brokerage accounts. 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, 2019 and **2018**, the Center had deposits which exceeded the amounts covered by the deposit insurance.

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. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

9. CONTINGENCIES AND COMMITMENTS

The Center 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 government reserves 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 Center. The Center, however, believes that liability resulting from disallowed claims, if any, will not have a material effect on the financial position. For the years ended June 30, 2019 and **2018**, the Center received approximately 99% and 99%, respectively, of its revenues from contracts with state agencies.

9. CONTINGENCIES AND COMMITMENTS (Continued)

Fiscal Agent - San Juan Center for Independence acts as a fiscal agent for the New Mexico Technology Assistance Program (TAP) to manage funds from fees collected for the technology conference and payment for purchases for the conference, and assistive technology and services for persons with disabilities as approved by TAP. The Center disburses funds directly to vendors after written approval by TAP. The agreement will continue on a year-to-year basis based on available funding. As of June 30, 2019 and 2018, the amount of $503 and $503, respectively, is recognized in the statement of financial position as a current liability to TAP.

10. OPERATING LEASE

San Juan Center for Independence leases space in Gallup, New Mexico under a lease renewed annually for a one-year period. Total rent expense of $13,838 and $13,388 was paid in the years ended June 30, 2019 and 2018, respectively, on this lease. The monthly payment is $1,258. The lease expires in May of each year. The Center also has a lease on office space on a month-to-month basis in Albuquerque, New Mexico where $15,180 and $15,117 were paid in rental costs for years ending June 30, 2019 and 2018, respectively. The monthly payment is now $1,113.

11. RETIREMENT PLAN

During the years ended June 30, 2019 and **2018**, San Juan Center for Independence offered a Simple-IRA employee retirement plan. The plan allows employees to make voluntary contributions out of their salary, and the Center makes matching contributions equal to the employee contribution up to a maximum of 3% of employee compensation. All employees, except Personal Care Option employees who are considered employees of the consumer, are eligible, and contributions vest to the employee immediately when earned. For fiscal years ended June 30, 2019 and **2018** the Center incurred an expense of $8,002 and $8,053, respectively.

12. PERSONAL CARE OPTION SERVICES

The Center acts as a fiscal agent to prepare and administer the financial responsibilities of compensating the providers (individuals providing care to the disabled) who are attendants serving the consumer (disabled). It is the Center's philosophy to allow the consumer the greatest degree of choice in selecting the provider and setting the terms of the care. The Center thereby administers the fiscal responsibility consisting of payroll for the provider, data processing, compliance, invoicing, and collection and reporting of receipts to the State of New Mexico under the terms of the Medicaid agreement. The accompanying financial statements have included the respective revenue and payroll expense related to this fiscal responsibility. For the year ended June 30, 2019 and **2018**, total revenue reported for personal care option was $2,869,967 and $2,845,883, respectively; salaries and wages paid to providers was $1,653,418 and $1,802,065, respectively; and payable to State of New Mexico for overpayments of $6,332 and $6,530, respectively.

13. LOAN GUARANTEES

The terms of the New Mexico Alternative Financing Mechanism Program (AFP) contract and the New Mexico Seed Loan Program (NMSL) requires that the program funds be placed in separate bank accounts and restricted for the purpose of handicapped accessible assets. In carrying out the AFP contract, the Center has entered into an agreement with lending institutions whereby, the institutions will act as the lender to individuals, and the Center will guarantee the loans with individual separate certificates of deposit and cash that have been placed on deposit with the institutions. The institutions retain the interest charged on the loans and the Center retains the interest earned on the certificates of deposit.

June 30, 2019	AFP	NMSL	Total
Certificates of deposit collateral	$1,313,182	$ 22,308	$1,335,490
Outstanding loan balance	774,604	2,981	777,585
Excess collateral	$ 538,578	$ 19,327	$ 557,905

June 30, 2018	AFP	NMSL	Total
Certificates of deposit collateral	$ 898,681	37,917	$ 936,598
Outstanding loan balance	571,666	10,934	582,600
Excess collateral	$ 327,015	$ 26,983	$ 353,998

14. FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides a framework for measuring fair value for assets and liabilities subject to fair value measurement. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.
Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

14. FAIR VALUE MEASUREMENTS (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used during the current year.

Equity investments: Valued at the net asset value (NAV) of shares held by the Center at year-end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. Fair values of assets and liabilities measured on a recurring basis at June 30, 2019 and **2018** are as follows:

June 30, 2019	Fair Value	Level 1	Level 2	Level 3
Stocks	$ 132,433	$ 132,433	$ -	$ -
ETF's and CEF's	79,711	79,711	-	-
Mutual Funds	1,068,506	1,068,506	-	-
Other	317,945	317,945	-	-
Total invested	$1,598,595	$1,598,595	$ -	$ -

June 30, 2018	Fair Value	Level 1	Level 2	Level 3
Stocks	$ 200,481	$ 200,481	$ -	$ -
ETF's and CEF's	108,243	108,243	-	-
Mutual Funds	626,526	626,526	-	-
Other	312,478	312,478	-	-
Total invested	$1,247,728	$1,247,728	$ -	$ -

15. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, San Juan Center for Independence purchased $20,280 and $11,199, respectively, in technology equipment and services from a company owned by the president of the Board of Directors. Additionally, a board member was hired on a contract basis to provide services for personnel issues and documentation. The member was paid $45,356 and $0 during the years ended June 30, 2019 and 2018.

16. EVALUATION OF SUBSEQUENT EVENTS

San Juan Center for Independence has evaluated subsequent events through November 13, 2020, the date which the financial statements were available to be issued. The Center has determined that one such incident exists.

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state, and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on the operations of the Center are not reasonably estimable at this time.

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COMPLIANCE SECTION

SAN JUAN CENTER FOR INDEPENDENCE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

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?	Yes
c. Noncompliance material to financial statements noted?	None noted

Section II – Financial Statement Findings

FS 2019-001 – Improper Control over Journal Entries (Significant Deficiency)

Criteria: Good accounting procedures require that all manual journal entries should have proper supporting documentation and be reviewed by at least one individual besides the individual creating the journal entry who should sign and date the journal entry. This should be performed in order to detect errors and to prevent improper movement of funds. This provides an internal deterrent to errors, fraud, and misappropriation of assets.

Condition: During review of journal entries we identified that the Center did not maintain supporting documentation for journal entries, they are not signed by the individual making the entry, and reviewed and approved by a second individual.

Cause: Per discussion with management, the Center had not ever considered the necessity to maintain all supporting documentation in a single location, sign and date those journal entries, and have those journal entries reviewed and approved by a second individual to provide proper segregation and reviews of employee duties.

Effect: The Center has no internal control which would deter the accountant from performing journal entries which have no valid reason for entry. This leaves the Center open to errors, fraud, and misappropriation of assets.

Auditor's Recommendation: We recommend the Center ensure all manual journal entries have additional supporting documentation which identifies the amounts and reasons for the journal entries. These journal entries should be printed, signed and dated by the individual performing the journal entry, and maintained for further review. Additionally, a member of management or the board should review each journal entry on a timely basis and sign and date the journal entry as well.

Responsible Official's Plan:

- **Specific corrective action plan for finding:**

  Policies and procedures will be established for control and approval of all general ledger entries.

- **Timeline for completion of corrective action plan:**

  Policies and procedures have been created and adopted.

- **Employee position(s) responsible for meeting the timeline:**

  Chief Financial Officer, contracted CPA, and Executive Director

Section II – Financial Statement Findings (Continued)

FS 2019-002 – Timely Reconciliation of Bank and Investment Statements (Significant Deficiency)

Criteria: Good internal control practices dictate that all bank and investment statements should be properly and accurately reconciled on a timely basis to insure proper balances are maintained in those accounts. All accounts should be properly reconciled at least monthly and documented as to when and by whom the reconciliations are performed. Al bank and investment reconciliations should also be reviewed and signed by another party or be part of a board packet for board review.

Condition: During our review of bank and investment statements we noted that the reconciliations were not being completed within 30 days. Additionally, these reconciliations don't have any indication on them of who performed the reconciliation and when that reconciliation was performed.

Cause: After the passing of the Center's business manager the delegation of these duties was not completed until a new business manager was hired and able to access all the Center's accounts.

Effect: Potential errors in the accounts may not be noticed and corrected quickly. Additionally, without a secondary review, the potential for fraud is increased when only one person completes and reviews the bank reconciliations.

Auditor's Recommendation: We recommend the Center review and reconcile all bank accounts and investment statements on a regular basis within 30 days of year end. The Center should also institute a process whereby a secondary review of those reconciliations is performed.

Responsible Official's Plan:

- **Specific corrective action plan for finding:**

  Policies and procedures will be established for reconciliations to be completed by the end of the following month.

- **Timeline for completion of corrective action plan:**

  Policies and procedures have been created and adopted.

- **Employee position(s) responsible for meeting the timeline:**

  Chief Financial Officer, contracted CPA, and Executive Director

SAN JUAN CENTER FOR INDEPENDENCE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

Section III – Federal Awards Findings

None noted (Federal Single Audit not required)

SAN JUAN CENTER FOR INDEPENDENCE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

Section IV – Prior Year Audit Findings

Financial Statement Section Findings

FS 2017-002 – Payroll Documents and Background Information Incomplete or Missing – Resolved

Federal Awards Section Findings

None noted