SAN JUAN CENTER FOR INDEPENDENCE
FINANCIAL STATEMENTS
Years Ended
June 30, 2016 and 2015

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San Juan Center for Independence

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

02/01/2017

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 regardless of the individuals' disability.

As dictated by Administration for Community Living (ACL) SJCI provides five core services: Information and Referral to services and supports available i n 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 changed 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 the fifth core service assists individuals with disabilities to transition out of costly nursing homes into their communities and to transition students out of high school into their communities.

In addition to the aforementioned core services SJCI administers the Access Loan New Mexico Program (A LN M) and the NMSEEDLOANS Program. The A LNM program provides loans to qualifying individuals for t h e purchase of assistive technology items. The NMSEED LOANS provides loans to qualifying individuals who w ant 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 ramµ; and other devices that serve to maximize their opportunities for independence. Procurement funds do not have to be repaid.

2016 has been a busy year for SJCI. We have been in our new building for 5 years now. We have had 4 harvests from the accessible garden and added a fire pi t to our garden area. SJCI has added a Community Music Garden this year. S J C I w i l l be installing a Community Orchard in the coming year. We have gained more collaboration with other non-profits through the usage of our event room. We have hosted n umerous town hall meetings for State organizations. SJCI has also been successful in securi ng funding for providing fiscal services for the Southwest ADA Native American Outreach Project. SJCI was busy this year with Community outreach and advocating with the State to keep the PCO program as is. We have been training and keeping busy with CentennialCare as we enter into year 4 of the new Medicaid program .

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During 2016 SJCI was able hire a new employee to the satellite office in Albuquerque, NM that provides IL Services to the 10 Pueblos in the Albuquerque area. SJCI's satellite center located in Gallup has been working hard for the Elders First committee. They were able to secure funding to proceed with their mission to make a difference in the lives of the Elders on the reservation.

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. 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.

Branda Parker
Executive Director: San Juan Center for Independence

OFFICIAL ROSTER

President .... Darrell Snook

Vice-President.. Dale Gerber

Secretary/Treasurer .... David Biggs

Member .... Terri Kennedy

Member .... Alex Dumont

Member .... Michelle Bates

Executive Director .... Branda Parker

Chief Financial Officer .... Tim Carver

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DAVID BERRY, CPA, PC

305 N. Behrend, Farmington, New Mexico 87401
e-mail: david@dberrycpa.com
505-320-6670

CERTIFIED PUBLIC ACCOUNTANT / SMALL BUSINESS CONSULTANT

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
San Juan Center for Independence
Farmington, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of San Juan Center for Independence (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Juan Center for Independence as of June 30, 2016 and 2015, 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 Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2017, on our consideration of San Juan Center for Independence internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Center for Independence internal control over financial reporting and compliance.

David Berry, CPA, PC

Farmington, New Mexico
January 20, 2017

SAN JUAN CENTER FOR INDEPENDENCE
STATEMENTS OF FINANCIAL POSITION

	June 30, 2016	June 30, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents - unrestricted	$ 1,545,298	$ 1,201,824
Cash and cash equivalents - restricted	1,063,798	933,072
Total cash and cash equivalents	2,609,096	2,134,896
Grants receivable	327,162	378,961
Interest receivable - restricted	2,875	3,650
Prepaid expenses	10,529	7,105
Total Current Assets	2,949,662	2,524,612
NONCURRENT ASSETS:		
Property and equipment, net	3,098,563	3,237,672
Investments - restricted	1,455,654	1,618,464
Deposits	100,421	-
Note receivable	4,980	-
Total Noncurrent Assets	4,659,618	4,856,136
	$ 7,609,280	$ 7,380,748
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 17,443	$ 16,812
Accounts payable and accrued expenses	27,906	6,130
Accrued wages and payroll taxes	208,404	219,126
Accrued compensated absences	41,886	39,447
Total Current Liabilities	295,639	281,515
LONG-TERM DEBT, net of current portion	428,571	445,544
NET ASSETS:		
Temporarily restricted net assets	2,443,722	2,499,420
Unrestricted net assets	4,441,348	4,154,269
Total Net Assets	6,885,070	6,653,689
	$ 7,609,280	$ 7,380,748

SEE ACCOMPANYING NOTES

SAN JUAN CENTER FOR INDEPENDENCE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Totals 2016
REVENUES:			
Government contracts and grants	$ 558,995	$ -	$ 558,995
Personal care option contract	3,967,634	-	3,967,634
Contributions	10,031	-	10,031
Investment income (loss)	804	21,782	22,586
Other income	19,147	-	19,147
Net assets released from restrictions	77,480	(77,480)	-
Total Revenues	4,634,091	(55,698)	4,578,393
EXPENSES:			
Program	3,881,544	-	3,881,544
Management and general	465,468	-	465,468
Total Expenses	4,347,012	-	4,347,012
INCREASE IN NET ASSETS	287,079	(55,698)	231,381
NET ASSETS, beginning	4,154,269	2,499,420	6,653,689
NET ASSETS, ending	$ 4,441,348	$ 2,443,722	$ 6,885,070

SEE ACCOMPANYING NOTES

SAN JUAN CENTER FOR INDEPENDENCE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Totals 2015
REVENUES:			
Government contracts and grants	$ 440,942	$ -	$ 440,942
Personal care option contract	3,843,369	-	3,843,369
Contributions	32,759	-	32,759
Investment income (loss)	574	31,179	31,753
Other income	14,376	-	14,376
Net assets released from restrictions	107,927	(107,927)	-
Total Revenues	4,439,947	(76,748)	4,363,199
EXPENSES:			
Program	3,662,036	-	3,662,036
Management and general	503,077	-	503,077
Total Expenses	4,165,113	-	4,165,113
INCREASE IN NET ASSETS	274,834	(76,748)	198,086
NET ASSETS, beginning	3,879,435	2,576,168	6,455,603
NET ASSETS, ending	$ 4,154,269	$ 2,499,420	$ 6,653,689

SEE ACCOMPANYING NOTES

SAN JUAN CENTER FOR INDEPENDENCE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2016

	Program Expenses	Management & General	Total
Salaries	$ 476,333	$ 244,631	$ 720,964
Salaries - personal care option	2,489,929	-	2,489,929
Payroll Taxes and benefits	283,714	87,224	370,938
Retirement expense	6,547	3,362	9,909
Grants to individuals	122,321	-	122,321
Advertising	21,068	-	21,068
Insurance	106,057	7,738	113,795
Supplies	9,616	4,938	14,554
Maintenance and repairs	14,918	7,662	22,580
Communications	19,560	10,045	29,605
Office expense	12,977	6,665	19,642
Education and training	15,473	7,947	23,420
Depreciation	116,207	25,824	142,031
Interest expense	22,708	5,046	27,754
Rent	29,273	6,505	35,778
Professional services	40,087	20,587	60,674
Equipment rental	22,228	11,415	33,643
Utilities	16,811	3,736	20,547
Other	823	422	1,245
Uncollectable revenues	-	-	-
Defaults on loans	13,418	-	13,418
Travel	22,824	11,721	34,545
Investment fees	18,652	-	18,652
Totals	$ 3,881,544	$ 465,468	$ 4,347,012

SEE ACCOMPANYING NOTES

SAN JUAN CENTER FOR INDEPENDENCE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2015

	Program Expenses	Management & General	Total
Salaries	$ 427,340	$ 229,599	$ 656,939
Salaries - personal care option	2,392,522	-	2,392,522
Payroll Taxes and benefits	255,329	137,182	392,511
Retirement expense	6,292	3,381	9,673
Grants to individuals	109,364	-	109,364
Advertising	17,210	-	17,210
Insurance	101,273	7,389	108,662
Supplies	26,276	14,118	40,394
Maintenance and repairs	16,987	9,126	26,113
Communications	19,445	10,447	29,892
Office expense	12,075	6,488	18,563
Education and training	14,034	7,540	21,574
Depreciation	103,726	23,050	126,776
Interest expense	21,547	4,788	26,335
Rent	24,609	5,469	30,078
Professional services	31,482	16,914	48,396
Equipment rental	18,660	10,026	28,686
Utilities	14,732	3,274	18,006
Other	212	167	379
Uncollectable revenues	-	-	-
Defaults on AFP loans	-	-	-
Travel	26,280	14,119	40,399
Investment fees	22,641	-	22,641
Totals	$ 3,662,036	$ 503,077	$ 4,165,113

SAN JUAN CENTER FOR INDEPENDENCE
STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 231,381	$ 198,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	142,031	126,776
Realized (gain) loss on sale of investments	(29,938)	(22,550)
Changes in:		
Grants receivable	51,799	(5,420)
Accounts receivable	-	100
Interest receivable	775	2,382
Prepaid expenses	(3,424)	2,844
Accounts payable and accrued expenses	11,054	(44,222)
Accrued compensated absences	2,439	24,014
Net Cash Provided By Operating Activities	406,117	282,010
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of depreciable assets	(2,921)	(219,764)
Acquisition of investments	(19,625)	(600,741)
Proceeds from sale of investments	212,372	188,515
Change in deposits and note receivable	(105,401)	-
Net Cash Used By Investing Activities	84,425	(631,990)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal debt payments	(16,342)	(15,452)
Net Cash Used By Financing Activities	(16,342)	(15,452)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	474,200	(365,432)
CASH AND CASH EQUIVALENTS, beginning	2,134,896	2,500,328
CASH AND CASH EQUIVALENTS, ending	$ 2,609,096	$ 2,134,896

SEE ACCOMPANYING NOTES

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The San Juan Center for Independence (the Center) was established in May 1999 and incorporated as a non-profit organization under the laws of New Mexico to aid 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 Center operates under a board of directors and executive director.

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

Financial Statement Presentation

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

The Center reports information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. Currently, the Center only has temporarily restricted and unrestricted net assets.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when earned based on the terms of the contracts, and expenses are recorded when incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of on demand bank deposits, certificate of deposits, and money market accounts.

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. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Investment income and losses are reported as increases and decreases in the temporarily restricted net assets.

Grants Receivable

Grants 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.

Property and Equipment

Purchased property and equipment are stated at cost. Donated equipment is stated at the estimated fair market value at the time of acquisition. The Center follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of $2,500. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their following estimated service lives using the straight-line method.

	Years
Building	30
Land Improvements	15
Equipment	3-7
Vehicles	3-7

Maintenance, repairs and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

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

Advertising costs are expensed as incurred.

Estimates

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

Income Taxes

The Internal Revenue Service has determined that the Center meets the requirements of the Internal Revenue Code and is exempt from federal income tax under section 501(c)(3) of the code. In addition, the Center 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. The Center files federal Form 990 with the Internal Revenue Service and copies of Form 990 with states in which the Center is registered, as required. 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, 2013 through 2015, are still open for examination and management anticipates the statute of limitations for the return for the year ended June 30, 2016, will expire in February 2020.

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.

Reclassification of Financial Statements

Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

NOTE 2 – CASH AND CASH EQUIVALENTS

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

	2016	2015
Demand deposit accounts	$1,782,104	$1,458,476
Certificates of deposit	781,815	642,032
Money market accounts	44,978	34,188
Petty cash	199	200
Total	2,609,096	2,134,896
Less restricted amount	1,063,798	933,072
Unrestricted amount	$1,545,298	$1,201,824

NOTE 3 – 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 state 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. Restricted investments are temporarily 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, are as follows:

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
June 30, 2016:				
Stocks	$ 215,896	$ 19,842	$ -	$ 235,738
ETFs and CEFs	173,843	-	9,153	164,690
Mutual Funds	741,819	21,131	-	762,950
Other	317,282	-	25,006	292,276
Total Restricted	$1,448,840	$ 40,973	$ 34,159	$1,455,654

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
June 30, 2015:				
Stocks	$ 247,645	$ 19,593	$ -	$ 267,238
ETFs and CEFs	191,049	-	10,349	180,700
Mutual Funds	831,245	14,300	-	845,545
Other	314,060	10,921	-	324,981
Total Restricted	$1,583,999	$ 44,814	$ 10,349	$1,618,464

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

	2016	2015
Interest and dividends	$ 5,150	$ 7,085
Realized gains (losses)	29,938	22,550
Unrealized gains (losses)	(13,306)	1,544
Total	$ 21,782	$ 31,179
Investment fee expense	$ 18,652	$ 22,641

NOTE 4 – PREPAID EXPENSES

Prepaid expenses consist of the following as of June 30:

	2016	2015
Prepaid insurance	$ 2,067	$ 2,249
Other prepaid	8,462	4,856
Total	$ 10,529	$ 7,105

Prepaid expenses consist of insurance premiums paid before the year end which will benefit the future year. Insurance coverage includes general liability and professional liability, workers compensation, property, officer and director liability.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	2016	2015
Land	$ 442,109	$ 442,109
Improvements	198,386	198,386
Building and improvements	2,821,573	2,821,573
Furniture and equipment	140,115	137,194
Vehicles	221,496	221,496
Total	3,823,679	3,820,758
Less accumulated depreciation	(725,116)	(583,086)
Property and equipment, net	$3,098,563	$3,237,672

NOTE 6 – 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, 2016 and 2015, the mortgage debt balance was $446,014 and $462,356, respectively. The mortgage is secured by real property used by the Center.

	2016	2015
Mortgage payable	$ 446,014	$ 462,356
Less current portion	(17,443)	(16,812)
Long-term portion	$ 428,571	$ 445,544

The long-term debt principal maturities for the years ended June 30, 2017, 2018, 2019, 2020, 2021 and thereafter are $17,443, $18,949, $20,118, $21,359, $23,365 and $344,780, respectively.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of two loan programs. These federally and state funded programs provide an alternative loan opportunities for New Mexico citizens with disabilities who desire to purchase assistive devices or services. The terms of the contracts include placing the award monies in separate and permanent accounts, plus the funds generated through investing will only be used to offer such loans under the allowable terms established by the program. The Center is authorized an indirect cost not to exceed 10% to cover the administrative expenses of operating the program.

During the fiscal year ended June 30, 2016 the Center incurred a total of $119,155 of expenses which consisted of $100,503 of administrative expense and $18,652 of investment fees. These costs were released from the temporarily restricted net assets.

During the fiscal year ended June 30, 2015 the Center incurred a total of $89,281 of expenses which consisted of $66,640 of administrative expense and $22,641 of investment fees. These costs were released from the temporarily restricted net assets.

The Alternative Finance Program (AFP) was created in 2004 and was funded by federal and New Mexico state grants, and a matching share contribution from the Center. Loans are outstanding on this program.

The New Mexico Seed Loan Program (NMSL) was created in 2014 with a federal grant.

The following is a summary of temporarily restricted net assets balances as of June 30, 2016 and 2015:

June 30, 2016:	AFP	NMSL	Total
Restricted Assets:			
Cash	$ 872,748	$ 191,050	$ 1,063,798
Interest receivable	2,875	-	2,875
Investments	967,867	487,787	1,455,654
Total restricted assets	1,843,490	678,837	2,522,327
Restricted Liabilities:			
Payable from restricted assets	46,242	32,363	78,605
Net restricted assets	$ 1,797,248	$ 646,474	$ 2,443,722
Activities for program from inception to June 30, 2016:			
Government grants	$ 1,728,802	$ 751,374	$ 2,480,176
Matching share	197,360	-	197,360
Investment income (loss)	647,496	(8,181)	639,315
Total revenues	2,573,658	743,193	3,316,851
Expenses	776,410	96,719	873,129
Net restricted assets	$ 1,797,248	$ 646,474	$ 2,443,722

June 30, 2015:	AFP	NMSL	Total
Restricted Assets:			
Cash	$ 770,339	$ 162,733	$ 933,072
Interest receivable	3,650	-	3,650
Investments	1,125,547	492,917	1,618,464
Total restricted assets	1,899,536	655,650	2,555,186
Restricted Liabilities:			
Payable from restricted assets	29,070	26,696	55,766
Net restricted assets	$ 1,870,466	$ 628,954	$ 2,499,420
Activities for program from inception to June 30, 2015:			
Government grants	$ 1,728,802	$ 682,815	$ 2,411,617
Matching share	197,360	-	197,360
Investment income (loss)	658,089	-	658,089
Total revenues	2,584,251	682,815	3,267,066
Expenses	713,785	53,861	767,646
Net restricted assets	$ 1,870,466	$ 628,954	$ 2,499,420

NOTE 8 – RETIREMENT PLAN

The Center has implemented 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 the years ending June 30, 2016 and 2015, the Center incurred an expense of $9,909 and $9,673, respectively.

NOTE 9 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of financial institution deposits and grants receivable.

The Center maintains various deposit accounts in financial institutions and brokerage accounts. As of June 30, 2016, the Center had deposits which exceeded the amounts covered by the deposit insurance. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

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.

NOTE 10 - SUPPLEMENTAL CASH FLOW DISCLOSURES

The following is a summary of additional cash flow disclosures required:

	2016	2015
Interest paid during the fiscal year	$ 27,754	$ 28,644
Income taxes paid during the fiscal year	-	-

NOTE 11 – 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, 2016 and 2015, total revenue reported for personal care option was $3,967,634 and $3,843,369, respectively; salaries and wages paid to providers was $2,489,929 and $2,392,522, respectively; and payable to State of New Mexico for overpayments of $3,841 and $4,227, respectively.

NOTE 12 – 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, 2016	AFP	NMSL	Total
Certificates of deposit collateral	$ 735,513	$ 43,301	$ 778,814
Outstanding loan balance	606,900	29,615	636,515
Excess collateral	128,613	13,686	142,299

June 30, 2015	AFP	NMSL	Total
Certificates of deposit collateral	$ 585,452	$ 56,580	$ 642,032
Outstanding loan balance	272,235	43,390	315,625
Excess collateral	313,217	13,190	326,407

The institutions have indicated that substantially all loans are current.

NOTE 13 - CONTINGENCIES AND COMMITMENTS

Contract Compliance Contingencies

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, 2016 and 2015, the Center received approximately 99% and 98%, respectively, of its revenues from contracts with federal and state agencies.

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 term of the agreement shall terminate on June 30, 2016 or earlier. As of June 30, 2016 and 2015, the amount of $3,840 and $906, respectively, is recognized in the statement of financial position as a current liability to TAP.

NOTE 14 – LEASES

The Center leases space in Gallup, New Mexico under a lease renewed annually for a one year period. The monthly rent expense was $1,978 through May 2016 and then $2,060 for June 2016 through May 2017. The lease expires in May 2017.

NOTE 15 – 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.

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, 2016 and 2015 are as follows:

	Fair Value	Level 1	Level 2	Level 3
June 30, 2016				
Stocks	$ 235,738	$ 235,738	$ -	$ -
ETFs and CEFs	164,690	164,690	-	-
Mutual Funds	762,950	762,950	-	-
Other	292,276	292,276	-	-
Total Restricted	$1,455,654	$1,455,654	$ -	$ -

	Fair Value	Level 1	Level 2	Level 3
June 30, 2015				
Stocks	$ 267,238	$ 267,238	$ -	$ -
ETFs and CEFs	180,700	180,700	-	-
Mutual Funds	845,545	845,545	-	-
Other	324,981	324,981	-	-
Total Restricted	$1,618,464	$1,618,464	$ -	$ -

There were no changes in the level of classification during the years ended June 30, 2016 and 2015.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 20, 2017, which is the date the financial statements were available to be issued.

COMPLIANCE SECTION

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DAVID BERRY, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT / SMALL BUSINESS CONSULTANT

305 N. Behrend, Farmington, New Mexico 87401
e-mail: david@dberrycpa.com
505-320-6670

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

To the Board
San Juan Center for Independence
Farmington, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Juan Center for Independence (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

David Berry, CPA, PC

Farmington, New Mexico
January 20, 2017

SAN JUAN CENTER FOR INDEPENDENCE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016

A. SUMMARY OF AUDIT RESULTS

Type of auditor's report issued .... Unmodified

Internal control over financial reporting:
Material weaknesses identified ....No
Deficiencies identified that are not
considered to be material weaknesses ....No

Noncompliance material to financial statements identified ....No

Single audit not required.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

Prior Year Findings – 2015-001 resolved and not repeated.

Current year findings
None.

C. FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Prior Year Findings
None.

Current year findings
None.