

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF  
ALBUQUERQUE PUBLIC SCHOOLS)**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
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**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
BOARD OF DIRECTORS  
YEAR ENDED JUNE 30, 2017**

Adrian Chavez, President  
Julia Miera, Vice President  
Jeff Lunsford, Past President  
Tony Dees, Treasurer-Secretary  
Jon Barela, Emeritus  
Dale Dekker, Emeritus  
Rick Brown, Director  
Arellana Cordero, Director  
Ron Eppes, Director  
Brian Fairhurst, Director  
Aubrey Johnson, Director  
Heather Johnson, Director  
Traci Olivias, Director  
Bert Parnall, Director  
Shana Runck, Director  
Amy Tapia, Director  
Joseph Trimble, Director  
Joseph F. Varro, Jr., Director  
Julio Chavez, Student Board Member/Director  
Lauren Donahue, Student Board Member/Director  
Mikayla Salgado, Student Board Member/Director

**Ex-Officio**

Raquel Reedy, APS Superintendent  
Dr. Davis Peercy, APS Board of Education President  
Monica Armenta, Executive Director, APS Communications  
Ellen Bernstein, Albuquerque Teachers Federation

**Staff**

Phill Casaus  
Roberta Velasquez  
Lori Webster  
Lawren McConnell



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Albuquerque Public Schools Foundation  
Albuquerque, New Mexico and  
Timothy Keller, New Mexico State Auditor

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Albuquerque Public Schools Foundation (the Foundation), a nonprofit organization and component unit of the Albuquerque Public Schools, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions 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 auditors' 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.

Board of Directors  
Albuquerque Public Schools Foundation and  
Timothy Keller, New Mexico State Auditor

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 the Foundation as of June 30, 2017, and the changes in its net assets and its cash flows for the year 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 October 9, 2017 on our consideration of the Foundation'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 result of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 the Foundation's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
October 9, 2017

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2017**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$	2,952,410
Accounts Receivable		-
Investments		2,178,151
Certificates of Deposit		432,329
Accrued Interest on Investments		3,707
Prepaid Expenses		11,995
Total Current Assets		5,578,592

**NON-CURRENT ASSETS**

Beneficial Interest in Remainder Trust		1,956,574
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**TOTAL ASSETS**

	\$	7,535,166
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$	46,933
Deferred Revenue		56,000
Total Current Liabilities		102,933

**NET ASSETS**

Unrestricted		2,323,243
Temporarily Restricted		3,012,388
Permanently Restricted		2,096,602
Total Net Assets		7,432,233

**TOTAL LIABILITIES AND NET ASSETS**

	\$	7,535,166
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See accompanying Notes to Financial Statements.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>				
Donations and Pledges	\$ 253,274	\$ 859,040	\$ -	\$ 1,112,314
In-Kind Contributions	563,895	-	-	563,895
Special Events	288,474	-	-	288,474
Investment Income, Net of \$20,135 in Fees	74,053	54,064	10,528	138,645
Change in Value of Beneficial Interest in Remainder Trust	-	-	31,402	31,402
Other	275,435	-	4,500	279,935
Total Revenues, Gains, and Public Support	1,455,131	913,104	46,430	2,414,665
 Net Assets Released from Restrictions:				
Expiration of Time and Purpose Restrictions	972,860	(972,860)	-	-
 <b>EXPENSES</b>				
Program Services	1,525,936	-	-	1,525,936
Fundraising	210,487	-	-	210,487
Management and General	441,852	-	-	441,852
Total Expenses	2,178,275	-	-	2,178,275
 <b>CHANGES IN NET ASSETS</b>	249,716	(59,756)	46,430	236,390
 Net Assets - Beginning of Year	2,073,527	3,072,144	2,050,172	7,195,843
 <b>NET ASSETS - END OF YEAR</b>	\$ 2,323,243	\$ 3,012,388	\$ 2,096,602	\$ 7,432,233

See accompanying Notes to Financial Statements.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$	236,390
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in Value of Beneficial Interest in Remainder Trust		(31,402)
Net Realized and Unrealized Gains on Investments		(89,837)
Effects of Changes in Operating Assets and Liabilities:		
Accrued Interest and Other Assets		1,959
Accounts Payable and Other Liabilities		(117,108)
Net Cash Provided by Operating Activities		2

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sale of Investments		2,470,287
Purchase of Investments		(2,465,610)
Reinvested Interest		(3,257)
Net Cash Used by Investing Activities		1,420

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

1,422

Cash and Cash Equivalents - Beginning of Year

2,950,988

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 2,952,410

**NONCASH ACTIVITIES**

Noncash Administrative Support Provided by:

Albuquerque Public Schools

\$ 483,935

Contributed Goods and Services

\$ 79,960



**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

The Albuquerque Public Schools Foundation (the Foundation), a component unit of the Albuquerque Public Schools (APS), is a nonprofit organization incorporated under laws of the State of New Mexico on April 25, 1995. The Foundation was established to solicit, receive, and manage private voluntary support for the benefit and on behalf of APS. The Foundation itself has no component units.

The Foundation is governed by a board of directors, which has the responsibility for determining policy and for the execution and evaluation of programs and activities conducted by the Foundation. The board consists of no less than three members and no more than 25 members. Board members represent government, business, public sector, private individuals, and organizations that are interested in supporting programs and services of APS. The term served by board members is three years. The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (the Code) and is not considered a private foundation within the meaning of Section 509(a) of the Code.

A Memorandum of Agreement between the Foundation and APS was signed and executed on January 5, 2005.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates in Preparing Financial Statements**

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets.

**Unrestricted Net Assets** – These assets represent sources whose use is not limited to or restricted by donors. Unrestricted net assets have arisen from exchange transactions, receipt of unrestricted contributions and expirations or satisfaction of existing restrictions.

The Foundation treats restricted contributions whose restrictions are satisfied during the same fiscal year as unrestricted support. All contributions made to the Foundation are considered to be available for unrestricted use unless specifically restricted by the donor.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation (Continued)**

**Temporarily Restricted Net Assets** – These assets result from (a) contributions and other inflows of assets whose use by the Foundation is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations; (b) other assets enhancements and diminishments subject to the same kinds of stipulations; and (c) imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Foundation pursuant to those stipulations.

**Permanently Restricted Net Assets** – These assets have donor-imposed restrictions that stipulate that resources be maintained permanently but permit the Foundation to use up or expend part or all of the income or economic benefits derived from the donated assets.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents consist of cash on deposit with financial institutions and money market accounts.

**Investments**

The Foundation records brokerage investments at fair value and certificates of deposit at cost. See Note 4 for a description of fair value determination.

**Income Taxes**

The Foundation is a nonprofit corporation and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as other than a private foundation. As such, their normal activities do not result in any income tax liability. The Foundation pays taxes on unrelated business income.

The Foundation would recognize accrued interest related to unrecognized tax benefits in interest expense and penalties in operating expenses. There were no such interest or penalties recorded for the year ended June 30, 2017.

The Foundation files informational tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Foundation is subject to examination by federal, state, local, and foreign jurisdictions, where applicable.

**Revenue Recognition**

The Foundation is accounted for as a nonprofit organization, and it follows revenue recognition rules as defined below:

**Donations** – The Foundation recognizes revenue on donations when all applicable eligibility requirements are met.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

**Pledges** – Unconditional pledges, if any, are recognized as revenues in the period received and as assets, decreases in liabilities or expenses, depending on the form of the benefits to be received. Conditional pledges are recognized as revenues when the conditions on which they depend are substantially met. An allowance for doubtful pledges is recorded when the pledge is recorded. The allowance is based on past pledge loss experience and other factors that management considers necessary in estimating pledge losses.

**Contributions of Services Revenues** – Contributions of services are recognized in the financial statements of the Foundation only if the services received: (a) create or enhance non-financial assets of the Foundation, and (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Use of office furniture and equipment is provided at no charge by APS. For the year ended June 30, 2017, approximately \$9,550 was included as in-kind revenue on the statement of activities and changes in net assets for office furniture and equipment use.

**Beneficial Interest in Remainder Trusts** – A charitable remainder trust is an arrangement in which a donor establishes and funds a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust's term. Upon termination of the trust, the Foundation receives a percentage of the assets remaining in the trust. Beneficial interest in remainder trusts represent the present value of estimated future cash receipts from the trust's assets. Contribution revenue is recognized in the period in which the trust is established. In subsequent years, income earned on trust assets, recognized gains and losses, and distributions paid will be recognized. Revaluation of the present value of the estimated future payments and changes in actuarial assumptions will be recognized in the statement of activities and changes in net assets.

**Advertising Costs**

The Foundation expenses advertising costs as incurred. Expenses incurred for the year ended June 30, 2017 were approximately \$1,241.

**Subsequent Events**

Management evaluated subsequent events through October 9, 2017, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2017, but prior to October 9, 2017, that provided additional evidence about conditions that existed at June 30, 2017, have been recognized in the financial statements for the year ended June 30, 2017. Events or transactions that provided evidence about conditions that did not exist at June 30, 2017, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2017.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3 INVESTMENTS**

**Investment Policy Statement (IPS)**

In December 2002, the Foundation Board of Directors adopted an IPS to assist in the supervising, monitoring and evaluating of the Foundation's investments. The IPS is to provide financial stability for the Foundation operations and an increasing stream of income for future program growth. All investment assets are held with Merrill Lynch.

The Foundation shall be responsible for:

- Overseeing the Foundation Investment Portfolio.
- Defining the investment objectives and policies of the portfolio.
- Directing the Investment Manager to make changes in investment policy and to oversee and to approve or disapprove Investment Manager recommendations with regard to policy, guidelines, objectives, and specific investments.
- Providing the Investment Manager with all relevant information on its financial conditions and risk tolerances and notifying the Investment Manager promptly of any changes to this information.

The Foundation agrees that investment discretion can be delegated to qualified, professional investment specialists or private portfolio managers (Investment Managers) that would be identified by the Foundation's Finance Committee resulting from an extensive quantitative and qualitative process of diligence.

Guidelines for the Investment Manager are that the investment of the Foundation's investment portfolio shall be limited to individual marketable securities or packaged products (e.g., mutual funds) in the following categories:

- Cash and cash equivalents
- Fixed Income – Domestic bonds
- Fixed Income – Non-U.S. bonds
- Fixed Income – High Yield
- Equities – U.S. and Non-U.S. within an international portfolio

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS**

In determining fair value, the Foundation uses various valuation approaches within the ASC 820 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. ASC 820 defines levels within the hierarchy based on the reliability of inputs as follows:

*Level 1* – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets, and

*Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of June 30, 2017.

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Fixed Income	\$ 511,424	\$ -	\$ -	\$ 511,424
Mutual Funds	1,666,727	-	-	1,666,727
Total Investments	<u>2,178,151</u>	<u>-</u>	<u>-</u>	<u>2,178,151</u>
Beneficial Interest in				
Remainder Trust	-	-	1,956,574	1,956,574
Total	<u>\$ 2,178,151</u>	<u>\$ -</u>	<u>\$ 1,956,574</u>	<u>\$ 4,134,725</u>

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following information summarizes the difference between cost and the estimated fair value for investments:

	<u>Cost</u>	<u>Estimated Fair Value</u>	<u>Market Value Over (Under) Cost</u>
Investments:			
Fixed Income	\$ 512,216	\$ 511,424	\$ (792)
Mutual Funds	1,626,500	1,666,727	40,227
Total	<u>\$ 2,138,716</u>	<u>\$ 2,178,151</u>	<u>\$ 39,435</u>

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the year ended June 30, 2017.

Beginning Balance	\$ 1,925,172
Contributions	-
Distributions	(127,212)
Dividend Income	69,531
Net Unrealized Gain	229,736
Investment Management Fees	(21,084)
Change in Present Value Discount	<u>(119,569)</u>
Ending Balance	<u>\$ 1,956,574</u>

Unrealized gains and losses applicable to instruments valued using significant unobservable inputs (Level 3) are included in the statement of activities for the year ended June 30, 2017. The 2017 changes in present and fair values are reflected in the Foundation's statement of activities and changes in net assets.

**NOTE 5 BENEFICIAL INTERESTS IN REMAINDER TRUSTS**

On May 11, 2001, the Foundation was awarded an interest in the William H. and Lilian Dolde Charitable Trust for the purpose of funding fine arts programs in the Albuquerque Public Foundations. The Bank of America administers the Trust. The Trust was originally funded in the amount of \$2,000,000. The Trust document calls for the annual distribution of an amount equal to 5% of the Trust's net position. This annual distribution will expire on December 31, 2051. Upon termination of the Trust, the Foundation is entitled to a portion of the remaining assets in order to establish a permanent endowment for the fine arts. The Foundation is irrevocably entitled to 90% of all annual distributions and 90% of the remaining Trust net position upon termination. The Foundation's interest in the Trust's assets is recorded at fair market value with adjustments made annually for increases or

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 5 BENEFICIAL INTERESTS IN REMAINDER TRUSTS (CONTINUED)**

decreases in value. The present value of the Trust agreement was initially calculated using a discount rate of 5% with annual distributions to be received of \$90,000 (90% of \$100,000) for 49.5 years. The present value of the Trust net position at termination was initially estimated using a value of \$1,800,000 in remaining net position (90% of \$2,000,000) with a discount rate of 5% for 50 years. During the fiscal year ended June 30, 2017, the Trust distributed approximately \$106,905 to the Foundation. The present value of the Trust increased by approximately \$31,401 for the fiscal year ended June 30, 2017. This resulted in the recording of a beneficial interest in the Trust in the amount of \$1,956,574 for the year ended June 30, 2017. The 2017 changes in present and fair values are reflected in the Foundation's statement of activities and changes in net assets.

**NOTE 6 RELATED PARTIES**

APS programs are the primary beneficiaries of funds donated to the Foundation. Certain APS employees whose services were contributed to the Foundation also served as Foundation board members in an ex-officio capacity. Certain voting board members were affiliated with APS or with other entities served through the Foundation.

During the year ended June 30, 2017, the Foundation received in-kind contributions from APS with a market value of approximately \$483,935. The contributions included employee services and donated supplies and materials.

The Foundation has no employees of its own. During the year ended June 30, 2017, all Foundation staff members were employees of APS.

**NOTE 7 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30, 2017:

Purpose:	
APS Programs	\$ 1,395,598
Nursing Services - Vision Care	804,275
Literacy Programs	436,071
Fine Arts	99,890
Marketing Expenses and Teacher Awards	103,442
Community Rewards	20,377
Middle School Grants	18,618
Communication Department	13,408
Chief Operations Office	59,943
Teacher Professional Development	10,490
Other	50,276
Total	<u><u>\$ 3,012,388</u></u>

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 7 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)**

Net assets are released from restrictions by incurring expenses satisfying the restricted purposes. Net assets released from restrictions were comprised of the following:

Purpose:	
APS Programs	\$ 803,106
Fine Arts	7,711
Literacy Programs	100,000
Middle School Grants	15,000
Community Rewards	29,055
Chief Operations Office	13,058
Other	4,930
Total	<u>\$ 972,860</u>

**NOTE 8 PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets are restricted in perpetuity, the income from which is expendable to support the Foundation. At June 30, 2017, permanently restricted net assets were made up of the Dolde Trust in the amount of \$1,956,574, and amounts restricted for the APS Seeds of Learning Program in the amount of \$140,028.

**NOTE 9 CONCENTRATION OF CREDIT RISK**

The Foundation maintains cash depository accounts with various financial institutions. These deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances in these accounts may at times exceed the federally insured amount. The Foundation did not have deposits in excess of the insured amounts at year-end. The Foundation has not experienced, and its management believes it is not exposed to, significant credit risk from excess deposits.





**INDEPENDENT AUDITORS' 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  
Albuquerque Public Schools Foundation  
Albuquerque, New Mexico and  
Timothy Keller, New Mexico State Auditor

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 Albuquerque Public Schools Foundation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 9, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Albuquerque Public Schools Foundation'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 Albuquerque Public Schools Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Albuquerque Public Schools Foundation'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.

Board of Directors  
Albuquerque Public Schools Foundation and  
Timothy Keller, New Mexico State Auditor

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Albuquerque Public Schools Foundation'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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
October 9, 2017

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2017**

**SECTION I – FINANCIAL STATEMENT FINDINGS**

There were no prior year findings.

There were no findings for the year ended June 30, 2017.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION  
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)  
EXIT CONFERENCE  
YEAR ENDED JUNE 30, 2017**

An exit conference was held with the Foundation on October 11, 2017. In attendance were:

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**

Adrian Chavez; BOD President  
Adrian Chavez; BOD Vice President  
Lauren McConnell; Development Manager  
Roberta Velasquez; Accounting Specialist  
Cheryl Burgmaier; CPA, Burgmaier and Associates  
Tony Dees; Finance Committee Chair  
Rick Brown; Board & Committee Member

**CLIFTONLARSONALLEN LLP**

Raul Anaya, CPA, CFE, CGFM, Principal  
Roger Lilly, CPA, Senior Associate

**PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditors' Report. Management reviewed and approved the financial statements.