



REPORT OF INDEPENDENT AUDITORS  
AND FINANCIAL STATEMENTS

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of Albuquerque Public Schools)**

June 30, 2023



## Table of Contents

---

	PAGE
<b>Official Roster (unaudited)</b>	i
<b>Report of Independent Auditors</b>	1–2
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7–15
<b>Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	16–17
<b>Summary of Auditor’s Results (As Required by 2.2.2.10 NMAC (L)(1)(f))</b>	18
<b>Schedule of Findings and Responses</b>	19
<b>Summary Schedule of Prior Audit Findings</b>	20
<b>Exit Conference</b>	21

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Official Roster (unaudited)**  
**June 30, 2023**

---

**Board of Directors**

Krista Koss Parker, President  
Adrian Chavez, Vice President  
Jeff Cain, Treasurer  
Marlene Baca, Director  
Jared Blaschke, Director  
Brenda Begley, Director  
Mark Burkhard, Director  
Alarie Ray-Garcia, Director  
Dominic Gonzales, Director  
Paula Maes, Director  
Katie Elliott, Director  
Julianne Phares, Director  
Julie Rowey, Director  
Leola Adams, Director  
Rhiann Atencio, Director  
Edward Calabaza, Director  
Carlos Fourzan, Director  
Shauna Shannon, Director  
Vicki DeVigne, Director  
Tony Spratley, Director  
Diana Montoya, Director  
Amy Nigrelli, Director  
Luis Quinones, Director  
Michelle Heckroth, Director  
Tony Spratley, Director  
Jasylyn Shiparski, Director  
Katrina Wagner, Director  
Rachel Romero, Director  
Josh Robinson, Student Board Member/Director  
Erica Ho, Student Board Member/Director  
Isabella Griego, Student Board Member/Director

**Ex-Officio**

Scott Elder, APS Superintendent  
Yolanda Montoya-Cordova, APS Board of Education President  
Monica Armenta, APS Executive Director of Communications  
Ellen Bernstein, Albuquerque Teachers Federation

**Staff**

Shannon Barnhill, Executive Director  
Deztinee Murphy, Business Manager  
Val Burch, Development Manager  
Vicky Vittotoe-Keith, Executive Administrative Assistant

---



## **Report of Independent Auditors**

The Board of Directors  
Albuquerque Public Schools Foundation  
and  
Mr. Joseph M. Maestas, P.E.  
New Mexico State Auditor

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Albuquerque Public Schools Foundation (the Foundation), a nonprofit organization and component unit of Albuquerque Public Schools, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023, 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.

#### ***Basis for Opinion***

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

#### ***Emphasis of Matter – Reporting Entity***

As discussed in Note 1, the financial statements present only the Foundation and do not purport to, and do not, present fairly the financial position of the Albuquerque Public Schools as of June 30, 2023, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2023, 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 results 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.



Albuquerque, New Mexico  
October 26, 2023

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Statement of Financial Position**  
**June 30, 2023**

---

**ASSETS**

<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 4,285,324
Investments	3,287,672
Certificates of deposit	147,137
Prepaid expenses	<u>15,550</u>
Total current assets	7,735,683
<b>NON-CURRENT ASSETS</b>	
Beneficial interest in remainder trust	<u>2,247,424</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 9,983,107</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 115,501
Deferred revenue	<u>109,525</u>
Total current liabilities	<u>225,026</u>
<b>NET ASSETS</b>	
Without donor restrictions	3,725,126
With donor restrictions	<u>6,032,955</u>
Total net assets	<u>9,758,081</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 9,983,107</u></u>

---

See accompanying notes to these 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, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>			
Contributions and pledges	\$ 1,185,006	\$ 170,973	\$ 1,355,979
Contributions of nonfinancial assets	564,479	-	564,479
Special events	244,188	-	244,188
Other	199,394	-	199,394
Total revenues, gains, and public support	<u>2,193,067</u>	<u>170,973</u>	<u>2,364,040</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Expiration of time and purpose restrictions	<u>323,036</u>	<u>(323,036)</u>	<u>-</u>
<b>EXPENSES</b>			
Program services	1,805,691	-	1,805,691
Fundraising	260,816	-	260,816
Management and general	364,775	-	364,775
Total expenses	<u>2,431,282</u>	<u>-</u>	<u>2,431,282</u>
<b>NON-OPERATING REVENUE</b>			
Investment gain, net of \$28,525 in fees	228,306	29,866	258,172
Change in value of beneficial interest in remainder trust	<u>(46,302)</u>	<u>-</u>	<u>(46,302)</u>
<b>CHANGES IN NET ASSETS</b>	266,825	(122,197)	144,628
<b>NET ASSETS, beginning of year</b>	<u>3,458,301</u>	<u>6,155,152</u>	<u>9,613,453</u>
<b>NET ASSETS, end of year</b>	<u>\$ 3,725,126</u>	<u>\$ 6,032,955</u>	<u>\$ 9,758,081</u>

See accompanying notes to these financial statements.

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2023**

---

	Support Services				Total
	Program	Fundraising	Administrative	Total Support	
Grants	\$ 1,748,745	\$ -	\$ -	\$ -	\$ 1,748,745
Salaries and wages	51,543	-	237,126	237,126	288,669
Event expense	-	260,816	-	260,816	260,816
Professional services	-	-	83,737	83,737	83,737
Office expense	-	-	18,428	18,428	18,428
Advertising	-	-	16,709	16,709	16,709
Supplies	-	-	1,673	1,673	1,673
Board expense	5,403	-	-	-	5,403
Conference training	-	-	7,102	7,102	7,102
<b>Total expenses</b>	<b>\$ 1,805,691</b>	<b>\$ 260,816</b>	<b>\$ 364,775</b>	<b>\$ 625,591</b>	<b>\$ 2,431,282</b>

---

See accompanying notes to these financial statements.



**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Statement of Cash Flows**  
**Year Ended June 30, 2023**

---

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 144,628
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Change in value of beneficial interest in remainder trust	46,302
Net realized and unrealized gain on investments	(258,172)
Effects of changes in operating assets and liabilities	
Prepaid expenses	(15,280)
Accounts payable	114,862
Deferred revenue	<u>22,825</u>
Net cash provided by operating activities	<u>55,165</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of investments and certificates of deposit	839,467
Purchase of investments	<u>(742,462)</u>
Net cash provided by investing activities	<u>97,005</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	152,170
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>4,133,154</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 4,285,324</u></u>
<b>NONCASH ACTIVITIES</b>	
Administrative support provided by Albuquerque Public Schools	<u>\$ 436,906</u>
Contributed goods and services	<u><u>\$ 127,573</u></u>

---

See accompanying notes to these financial statements.

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Notes to Financial Statements**

---

**Note 1 – Definition of Reporting Entity**

The Albuquerque Public Schools Foundation (the Foundation), a component unit of the Albuquerque Public Schools (the District), 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 the District. 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 of directors (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 the District. The term served by board members is three years.

A Memorandum of Agreement (Memorandum) between the Foundation and the District was signed and executed on October 7, 2009. In accordance with the Memorandum, the District formally recognizes the Foundation as a separate corporate entity established for the sole purpose of soliciting, managing, and distribution of private gifts and donations for the benefits of the District. The Memorandum further stipulates that Foundation creates and encourages an opportunity for private individuals and organizations to invest in the support of the District programs and services. The Foundation is subject to Financial Accounting Standards Board (FASB) reporting because the District does not appoint a voting majority to the Foundation's Board, and the District is not able to unilaterally dissolve the Foundation and take possession of the remaining assets.

**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. Significant estimates and assumptions made by management include the benefit interest in remainder trust and fair value measurements of investments.

**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 two classes of net assets.

*Net Assets without Donor Restrictions* – 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.

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Notes to Financial Statements**

---

**Note 2 – Summary of Significant Accounting Policies (continued)**

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.

*Net Assets with Donor Restrictions* – Net assets subject to 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. Other donor restrictions are perpetual in nature whereby the donor has stipulated the funds be maintained in perpetuity.

**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.

*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.

**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, 2023.

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.

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Notes to Financial Statements**

---

**Note 2 – Summary of Significant Accounting Policies (continued)**

**Revenue Recognition**

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

*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. There was no allowance recorded for the year ended June 30, 2023.

*Contributions* – The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, the restricted net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. If the restriction is satisfied in the same period the contribution is received, the contribution is reported as without donor restriction.

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.

*Special Events* – The Foundation recognizes income for special events, which includes sponsorships, tables and other day of event benefits, on the day of the event. Any amount received prior to the date of the event is recorded as deferred revenue until the date of the event and then recognized as revenue.

**Advertising Costs**

The Foundation expenses advertising costs as incurred. Expenses incurred for the year ended June 30, 2023 were \$16,709.

**Functional Allocation of Expenses**

The costs of providing program and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among program and supporting services benefitted. These costs are solely made up of salaries and wages, which were allocated based on estimates of time and effort.

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Notes to Financial Statements**

---

**Note 2 – Summary of Significant Accounting Policies (continued)**

**Recent Accounting Pronouncements**

In February 2016 and subsequent years, the FASB issued guidance that requires lessees to record most leases on the balance sheet but recognize expenses on the income statement in a manner similar to prior accounting. The standard also eliminates prior real estate-specific provisions for all entities. For lessors, the guidance modifies the classification criteria and the accounting for sales-type and direct-financing leases and requires additional disclosure. The standard was effective for fiscal years beginning on or after December 15, 2021. The Foundation adopted the new standard on July 1, 2022; however, the Foundation did not have any or expect to have any future arrangements that qualify as leases under the new standard. Therefore, there was no financial impact or required disclosures as a result of the adoption.

**Subsequent Events**

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

The Foundation has evaluated subsequent events through October 26, 2023, which is the date the financial statements were available to be issued.

**Note 3 – Investments**

**Investment Policy Statement (IPS)**

In December 2002, the Foundation Board adopted an IPS to assist in the supervising, monitoring and evaluating 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.

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Notes to Financial Statements**

---

**Note 3 – Investments (continued)**

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

**Note 4 – Fair Value of Financial Instruments**

The Foundation follows Statement ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under GAAP and expands disclosures about fair value measurement. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. The three levels defined by the ASC 820-10 hierarchy are as follows:

**Level 1** – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.

**Level 3** – Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Notes to Financial Statements**

---

**Note 4 – Fair Value of Financial Instruments (continued)**

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of June 30, 2023:

	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	\$ 823,138	\$ -	\$ -	\$ 823,138
Equity mutual funds	2,464,534	-	-	2,464,534
Total investments	3,287,672	-	-	3,287,672
Beneficial interest in remainder trust	-	-	2,247,424	2,247,424
Total	<u>\$ 3,287,672</u>	<u>\$ -</u>	<u>\$ 2,247,424</u>	<u>\$ 5,535,096</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, 2023. The fiscal year 2023 changes in present and fair values are reflected in the Foundation's Statement of Activities and Changes in Net Assets. See Note 5 for discussion of valuation process.

**Note 5 – Beneficial Interest in Remainder Trusts**

On May 11, 2001, the Foundation was awarded an interest in the William H. and Lilian Dolde Charitable Trust (Trust) for the purpose of funding fine arts programs in the Albuquerque Public Schools Foundation. 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 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's 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, 2023, the Trust made distributions of \$118,361 to the Foundation. The present value of the Trust decreased by approximately \$46,000 for the fiscal year ended June 30, 2023. This resulted in the recording of a beneficial interest in the Trust in the amount of \$2,247,424 for the year ended June 30, 2023 (see Note 4).

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Notes to Financial Statements**

---

**Note 6 – Contributed Nonfinancial Assets**

The Foundation received the following contributions of nonfinancial assets for the year end June 30, 2023:

Administrative and event salaries	\$ 374,883
Professional services	76,388
Gifts for participants and auction items	52,891
Goodwill vouchers	39,534
Event advertising	12,096
General administrative expenses	7,661
Use of office furniture and equipment	<u>1,026</u>
Total	<u><u>\$ 564,479</u></u>

Administrative and event salaries are valued at actual cost to the District, who provide employee services for no charge for administration of the Foundation. Professional services and advertising are valued at the cost for receiving similar services or the hourly rate of the professional, usually provided by the service provider. Goodwill vouchers, redeemed at Goodwill Stores in support of the District Clothing Banks, are valued at the average voucher redemption amount for the fiscal year. Gifts for participants are valued at the replacement cost of the received goods for a price publicly available on a website or in a local store. General administrative expenses and use of office furniture and equipment are valued at actual cost incurred by the District.

**Note 7 – Related Parties**

District programs are the primary beneficiaries of funds donated to the Foundation. Certain District 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 the District or with other entities served through the Foundation.

During the year ended June 30, 2023, the Foundation received contributions of nonfinancial assets from the District with a market value of approximately \$437,000. The contributions included employee services and donated supplies and materials.

The Foundation has no employees of its own. During the year ended June 30, 2023, all Foundation staff members were employees of the District.



**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Notes to Financial Statements**

---

**Note 8 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consisted of the following at June 30, 2023:

Purpose	Restricted by Purpose or Time	Restricted in Perpetuity	Total
Dolde Trust	\$ -	\$ 2,247,424	\$ 2,247,424
District Programs	2,175,740	-	2,175,740
Nursing Services - Vision Care	979,189	-	979,189
Literacy Programs	147,509	-	147,509
Marketing Expenses and Teacher Awards	61,143	-	61,143
Chief Operations Office	52,199	-	52,199
District Seeds of Learning Program	-	47,200	47,200
Emergency Response Fund for Families	11,236	-	11,236
Communication Department	2,944	-	2,944
Teacher Professional Development	2,839	-	2,839
Other	305,532	-	305,532
	<u>\$ 3,738,331</u>	<u>\$ 2,294,624</u>	<u>\$ 6,032,955</u>
Total			

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

Purpose	
Fine Arts	\$ 236,551
Literacy Programs	28,731
Marketing Expenses and Teacher Awards	20,921
Chief Operations Office	10,083
Communication Department	4,959
Other	21,791
	<u>\$ 323,036</u>
Total	

**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. At June 30, 2023, the checking account balances over the FDIC insured limit is \$3,797,677. The Foundation has not experienced, and its management believes it is not exposed to, significant credit risk from excess deposits. The Foundation's deposits are maintained in institutions with strong financial performance. If any of the financial institutions with whom we do business were to be placed into receivership, we may be unable to access the cash we have on deposit with such institutions. If we are unable to access our cash and cash equivalents as needed, our financial position and ability to operate our business could be adversely affected.

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Notes to Financial Statements**

---

**Note 10 – Liquidity and Availability of Resources**

The Foundation strives to maintain 150 days of normal operating expenses, which are, on average, approximately \$767,000. The organization has an informal no debt policy and invests cash in excess of daily requirements in various cash equivalents to generate unrestricted investment income for additional reserves. As of June 30, 2023, financial assets available for general expenditure within one year of the statement of financial position date comprised of the following:

Financial Assets	
Cash and cash equivalents	\$ 4,285,324
Investments	3,287,672
Certificates of deposit	147,137
Less financial assets with donor restriction	<u>(3,785,531)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 3,934,602</u>

In addition to financial assets available to meet general expenditures within one year, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by resources with donor restrictions. Refer to the statement of cash flows which identifies the sources and uses of cash and shows positive cash generated by operations during the fiscal year.

## **Report of Independent Auditors 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***

The Board of Directors  
Albuquerque Public Schools Foundation  
and  
Mr. Joseph M. Maestas, P.E.  
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 the Foundation, a component unit of Albuquerque Public Schools, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprises the basic financial statements, and have issued our report thereon dated October 26, 2023.

### **Report on Internal Control Over Financial Reporting**

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

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

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 cursive script that reads "Moss Adams LLP".

Albuquerque, New Mexico  
October 26, 2023

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Summary of Auditor's Results (As Required by 2.2.2.10 NMAC (L)(1)(f))**  
**June 30, 2023**

---

**Financial Statements**

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

Internal control over financial reporting:

- Material weakness(es) identified?                               Yes                               No
- Significant deficiency(ies) identified?                               Yes                               None reported

Compliance and other matters noted?                               Yes                               No

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Schedule of Findings and Responses**  
**June 30, 2023**

---

No matters were reported.

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2023**

---

No prior year matters reported.

**Albuquerque Public Schools Foundation**  
**(A Component Unit of Albuquerque Public Schools)**  
**Exit Conference**  
**Year Ended June 30, 2023**

---

An exit conference was held with the Foundation on October 26, 2023. In attendance were:

**Albuquerque Public Schools Foundation**

Adrian Chavez, Board President  
Jeff Cain, Treasurer and Finance Committee Chair  
Mark Burkhard, Board Member  
Edward Calabaza, Board Member  
Marlene Baca, Board Member  
Shannon Barnhill, Executive Director  
Deztinee Murphy, Business Manager  
Valerie Burch, Development Manager  
Victoria Vittitoe-Keith, Executive Administrative Assistant

**Moss Adams LLP**

Sheila Herrera, CPA, Partner  
Jason Ellis, CPA, Manager

**Preparation of the Financial Statements**

APS Foundation is responsible for the contents of the financial statements. Moss Adams LLP assisted with the preparation of the financial statements.