REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

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

June 30, 2024

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Albuquerque Public Schools Foundation
(A Component Unit of Albuquerque Public Schools)
Official Roster (unaudited)
June 30, 2024

Board of Directors

Adrian Chavez, President
Brenda Begley, Vice President
Jeff Cain, Treasurer
Marlene Baca, Director
Jared Blaschke, Director
Mark Burkhard, Director
Alarie Ray-Garcia, Director
Dominic Gonzales, Director
Paula Maes, Director
Katie Elliott, Director
Julianne Phares, Director
Julie Rowey, Director
Rhiann Atencio, Director
Edward Calabaza, Director
Krista Koss Parker, 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
Joseph F. Varro, Jr., Director
Howie Kaibel, Director
Katrina Wagner, Director
Rachel Romero, Director
Anjali Harville, Student Board Member/Director
Josh Robinson, Student Board Member/Director
Ava Weinberg, Student Board Member/Director

Ex-Officio

Scott Elder, APS Superintendent
Danielle Gonzales, 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
Sonja Martens, Grants Manager
Vicky Vittotoe-Keith, Executive Administrative Assistant

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Report of Independent Auditors

The Board of Directors
Albuquerque Public Schools Foundation
and
Mr. Joseph M. Maestas, PE, CFE
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, 2024, 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, 2024, 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, 2024, 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 16, 2024, 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.

Moss Adams LLP

Albuquerque, New Mexico
October 16, 2024

Albuquerque Public Schools Foundation
(A Component Unit of Albuquerque Public Schools)
Statement of Financial Position
June 30, 2024

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	4,942,322
Investments		3,534,003
Prepaid expenses		41,232
Total current assets		8,517,557
NON-CURRENT ASSETS		
Beneficial interest in remainder trust		2,298,611
TOTAL ASSETS	$	10,816,168

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$	34,862
Deferred revenue		101,050
Total current liabilities		135,912
NET ASSETS		
Without donor restrictions		4,146,254
With donor restrictions		6,534,002
Total net assets		10,680,256
TOTAL LIABILITIES AND NET ASSETS	$	10,816,168

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND PUBLIC SUPPORT			
Contributions and pledges	$ 1,171,386	$ 433,543	$ 1,604,929
Contributions of nonfinancial assets	626,932	-	626,932
Special events	299,018	-	299,018
Other	164,611	-	164,611
Total revenues, gains, and public support	2,261,947	433,543	2,695,490
NET ASSETS RELEASED FROM RESTRICTIONS			
Expiration of time and purpose restrictions	76,644	(76,644)	-
EXPENSES			
Program services	1,616,298	-	1,616,298
Fundraising	255,554	-	255,554
Management and general	412,943	-	412,943
Total expenses	2,284,795	-	2,284,795
NON-OPERATING REVENUE			
Investment gain, net of $62,143 in fees	316,145	144,148	460,293
Change in value of beneficial interest in remainder trust	51,187	-	51,187
CHANGES IN NET ASSETS	421,128	501,047	922,175
NET ASSETS, beginning of year	3,725,126	6,032,955	9,758,081
NET ASSETS, end of year	$ 4,146,254	$ 6,534,002	$ 10,680,256

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, 2024

	Program	Support Services			Total
		Fundraising	Administrative	Total Support	
Grants	$ 1,557,254	$ -	$ -	$ -	$ 1,557,254
Salaries and wages	59,044	-	263,717	263,717	322,761
Event expense	-	255,554	-	255,554	255,554
Professional services	-	-	59,979	59,979	59,979
Office expense	-	-	35,375	35,375	35,375
Advertising	-	-	35,802	35,802	35,802
Supplies	-	-	4,397	4,397	4,397
Board expense	-	-	6,067	6,067	6,067
Conference training	-	-	7,606	7,606	7,606
Total expenses	$ 1,616,298	$ 255,554	$ 412,943	$ 668,497	$ 2,284,795

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, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	922,175
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in value of beneficial interest in remainder trust		(51,187)
Net realized and unrealized gain on investments		(460,293)
Effects of changes in operating assets and liabilities		
Prepaid expenses		(25,682)
Accounts payable		(80,639)
Deferred revenue		(8,475)
Net cash provided by operating activities		295,899
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments and certificates of deposit		472,639
Purchase of investments		(111,540)
Net cash provided by investing activities		361,099
NET CHANGE IN CASH AND CASH EQUIVALENTS		656,998
CASH AND CASH EQUIVALENTS, beginning of year		4,285,324
CASH AND CASH EQUIVALENTS, end of year	$	4,942,322
NONCASH ACTIVITIES		
Contributed services provided by Albuquerque Public Schools	$	461,747
Contributed goods and services	$	165,185

See accompanying notes to these 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 (GAAP) 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 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.

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, 2024.

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.

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. A credit loss 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 – 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 and Changes in Net Assets 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, 2024, were $35,802.

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.

Note 2 – Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Standard
As of July 1, 2023, the Foundation adopted guidance from FASB ASU 2016-13: *Measuring Credit Losses on Financial Instruments* (Topic 326). The guidance requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The Foundation has evaluated that the impact of adopting this guidance on the Foundation's financial statements is immaterial.

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 Foundation 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 Foundation'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 16, 2024, which is the date the financial statements were available to be issued.

Note 3 – Investments

Investment Policy Statement (IPS)
In December 2002, the 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.

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.

Note 4 – Fair Value of Financial Instruments (continued)

Fixed Income – Valued using pricing models maximizing the use of observable inputs for similar securities, which incudes basing value on yield currently available on comparable securities of issuers with similar credit ratings.

Equity Mutual Funds – Valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Foundation are deemed to be actively traded. Mutual funds held by the entity are open-end equity mutual funds that are registered with the U.S. Securities and Exchange Commission.

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of June 30, 2024:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments				
Fixed income	$ -	$ 916,103	$ -	$ 916,103
Equity mutual funds	2,617,900	-	-	2,617,900
Total investments	2,617,900	916,103	-	3,534,003
Beneficial interest in remainder trust	-	-	2,298,611	2,298,611
Total	$ 2,617,900	$ 916,103	$ 2,298,611	$ 5,832,614

Unrealized gains and losses applicable to instruments valued using significant unobservable inputs (Level 3) are included in the Statement of Activities and Changes in Net Assets for the year ended June 30, 2024. 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, 2024, the Trust made distributions of $108,783 to the Foundation. The present value of the Trust increased by approximately $51,000 for the fiscal year ended June 30, 2024. This resulted in the recording of the beneficial interest in the Trust in the amount of $2,298,611 for the year ended June 30, 2024 (see Note 4).

Note 6 – Contributed Nonfinancial Assets

The Foundation received the following contributions of nonfinancial assets for the year end June 30, 2024:

Administrative and event salaries	$	390,684
Gifts for participants and auction items		67,413
Professional services		52,177
Goodwill vouchers		54,076
Event advertising		20,870
General administrative expenses		39,082
Use of office furniture and equipment		2,630
Total	$	626,932

Administrative and event salaries are valued at actual cost to the District, as the District provides 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, 2024, the Foundation received contributions of nonfinancial assets from the District with a market value of approximately $462,000. The contributions included employee services and donated supplies and materials.

The Foundation has no employees of its own. During the year ended June 30, 2024, all Foundation staff members were employees of the District.

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2024:

	Restricted by Purpose or Time	Restricted in Perpetuity	Total
Purpose			
Dolde Trust	$ -	$ 2,298,611	$ 2,298,611
District Programs	2,551,980	-	2,551,980
Nursing Services - Vision Care	1,021,198	-	1,021,198
Literacy Programs	75,814	-	75,814
Marketing Expenses and Teacher Awards	59,043	-	59,043
Chief Operations Office	51,069	-	51,069
District Seeds of Learning Program	-	30,823	30,823
Emergency Response Fund for Families	7,882	-	7,882
Communication Department	2,655	-	2,655
Teacher Professional Development	-	-	-
Other	434,927	-	434,927
Total	$ 4,204,568	$ 2,329,434	$ 6,534,002

Note 8 – Net Assets with Donor Restrictions (continued)

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		
Literacy Programs	$	73,125
Marketing Expenses and Teacher Awards		2,100
Chief Operations Office		1,130
Communication Department		289
Total	$	76,644

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, 2024, the checking account balances over the FDIC insured limit is $4,354,976. 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 the Foundation does business were to be placed into receivership, the Foundation may be unable to access the cash it has on deposit with such institutions. If the Foundation is unable to access its cash and cash equivalents as needed, the financial position and ability to operate the business could be adversely affected.

Note 10 – Liquidity and Availability of Resources

The Foundation strives to maintain 150 days of normal operating expenses, which are, on average, approximately $681,000. The Foundation 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, 2024, 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	$	4,942,322
Investments		3,534,003
Less financial assets with donor restriction		(4,235,391)
Financial assets available within one year to meet cash needs for general expenditures within one year	$	4,240,934

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.

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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, PE, CFE
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, 2024, 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, and have issued our report thereon dated October 16, 2024.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001, that we consider to be material weakness.

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*.

Foundation's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Foundation's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Moss Adams LLP

Albuquerque, New Mexico
October 16, 2024

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, 2024

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, 2024

2024-001 – Financial Close and Reporting (Material Weakness)

Condition: During our audit, we encountered the following issues:

- We noted management posted the fiscal year 2023 contribution of nonfinancial assets in the amount of $436,906 in fiscal year 2024 resulting in an overstatement of revenue and expenses. An adjustment was required to be posted to correct the revenue and expense accounts.
- We noted that June 2024 payroll in the amount of $65,514 that was paid in July 2024 was not accrued as of June 30, 2024.
- We noted that the current year fair market value adjustment of $51,187 for the beneficial interest in remainder trust was not made as of June 30, 2024.
- We noted management did not provide any reclass entries for any cash and cash equivalents of $178,850 within investment accounts for financial statement presentation.

Criteria: The Foundation shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from authorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with GAAP.

Cause: Lack of effective internal controls. In addition, the Foundation had a change in the CPA firm that was helping with the financial close and reporting, causing some of the issues noted above.

Effect: Possible misstatements to the financial statements. The Foundation could be overstating their revenue and expenses for contribution of non-financial assets and understating their payroll expenses and corresponding liabilities for payroll-related transactions. In addition, financial statements could be understated or overstated due to lack of fair market value adjustments for the beneficial interest in remainder trust in the correct period.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that management ensure that internal controls are strengthened surrounding the financial close and reporting process. The Foundation should also have proper controls and oversight in place for any work performed by a third-party CPA firm as part of the financial close and reporting.

Agency Response: Management is committed to continuous improvement and has taken the necessary steps to address these issues. We have implemented processes to ensure that year-end reconciliations for accrued payroll and the cash portion of investments are prepared and thoroughly reviewed. Additionally, measures are in place to guarantee that journal entries are made in the correct fiscal period and are subject to timely review.

Person Responsible: Business Manager

Implementation by: October 2024

Albuquerque Public Schools Foundation
(A Component Unit of Albuquerque Public Schools)
Summary Schedule of Prior Audit Findings
June 30, 2024

No prior year matters reported.

Albuquerque Public Schools Foundation
(A Component Unit of Albuquerque Public Schools)
Exit Conference
Year Ended June 30, 2024

An exit conference was held with the Foundation on October 10, 2024. In attendance were:

Albuquerque Public Schools Foundation
Brenda Begley, Board President
Joseph Varro, Treasurer/Finance Chair
Adrian Chavez, Board Member
Michelle Heckroth, Board Member
Anjali Harville, Student Board Member
Henry Newcomb, Student Board Member
Shannon Barnhill, Executive Director
Deztinee Murphy, Business Manager
Valerie Burch, Development Manager
Victoria Vittitoe-Keith, Executive Administrative Assistant
Elijah Esquivel, CPA, Pulakos

Moss Adams LLP
Sheila Herrera, CPA, Partner

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.

MOSSADAMS