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

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

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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)
OFFICIAL ROSTER (UNAUDITED)
JUNE 30, 2025

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Albuquerque Public Schools Foundation
Albuquerque, New Mexico and
Mr. Joseph M. Maestas, PE, CFE
New Mexico State Auditor

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Albuquerque Public Schools Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Albuquerque Public Schools Foundation as of June 30, 2025, and the results of its operations and its cash flows for the years 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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Albuquerque Public Schools 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 Matters

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, 2025, 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.

As discussed in Note 11, during the year ended June 30, 2025, the Foundation restated it's opening net assets to appropriately present unconditional grants receivable. Our opinion is not modified with respect to these matters.

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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 Albuquerque Public Schools Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 Albuquerque Public Schools 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 Albuquerque Public Schools Foundation's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Albuquerque Public Schools Foundation
Albuquerque, New Mexico and
Mr. Joseph M. Maestas, PE, CFE
New Mexico State Auditor

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 December 3, 2025, 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.

Supplementary Information

The Official Roster on page I, which is the responsibility of management, is of nonaccounting nature and has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
December 3, 2025

ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 5,460,233
Investments	3,936,792
Grants Receivable	450,000
Total Current Assets	9,847,025
NONCURRENT ASSETS	
Grants Receivable	300,000
Beneficial Interest in Remainder Trust	2,303,785
Total Assets	$ 12,450,810

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable	$ 64,881
Deferred Revenue	75,050
Total Liabilities	139,931
NET ASSETS	
Without Donor Restrictions	4,397,411
With Donor Restrictions	7,913,468
Total Net Assets	12,310,879
Total Liabilities and Net Assets	$ 12,450,810

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, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND PUBLIC SUPPORT			
Contributions	$ 1,604,472	$ 881,630	$ 2,486,102
Non-cash Contributions	664,279	-	664,279
Special Events, Net of Cost of Donor Benefit of $86,498	190,991	-	190,991
Interest Income	134,459	-	134,459
Other	54,842	-	54,842
Net Assets Released from Restrictions:	57,884	(57,884)	-
Total Revenues, Gains, and Public Support	2,706,927	823,746	3,530,673
EXPENSES			
Program Services	2,170,022	-	2,170,022
Administrative	395,766	-	395,766
Fundraising	218,147	-	218,147
Total Expenses	2,783,935	-	2,783,935
NONOPERATING REVENUE			
Investment Gain, Net of $31,874 in Fees	328,165	69,546	397,711
Change in Value of Beneficial Interest in Remainder Trust	-	5,174	5,174
Total Nonoperating Revenue	328,165	74,720	402,885
CHANGES IN NET ASSETS	251,157	898,466	1,149,623
Net Assets - Beginning of Year, As Previously Stated	4,146,254	6,534,002	10,680,256
Restatement	-	481,000	481,000
Net Assets - Beginning of Year, As Restated	4,146,254	7,015,002	11,161,256
NET ASSETS - END OF YEAR	$ 4,397,411	$ 7,913,468	$ 12,310,879

See accompanying Notes to Financial Statements.

ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

		Support Services			
	Program	Administrative	Fundraising	Total Support	Total
District Programs	$ 1,091,115	$ -	$ -	$ -	$ 1,091,115
Grants	951,343	-	-	-	951,343
Salaries and Wages	127,564	269,799	59,944	329,743	457,307
Special Events	-	-	244,701	244,701	244,701
Professional Services	-	38,975	-	38,975	38,975
Office Expense	-	38,150	-	38,150	38,150
Advertising	-	24,434	-	24,434	24,434
Bank Fees	-	11,415	-	11,415	11,415
Board Expense	-	5,682	-	5,682	5,682
Conferences and Training	-	5,071	-	5,071	5,071
Supplies	-	2,240	-	2,240	2,240
Total Expenses	2,170,022	395,766	304,645	700,411	2,870,433
Less: Expenses Included with Revenues on the Statement of Activities	-	-	(86,498)	(86,498)	(86,498)
Total	$ 2,170,022	$ 395,766	$ 218,147	$ 613,913	$ 2,783,935

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, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in Net Assets	$ 1,149,623
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:	
Change in Value of Beneficial Interest in Remainder Trust	(5,174)
Net Realized and Unrealized Gain on Investments	(313,178)
Effects of Changes in Operating Assets and Liabilities:	
Grants Receivable	(269,000)
Prepaid Expenses	41,232
Accounts Payable	30,019
Deferred Revenue	(26,000)
Net Cash Provided by Operating Activities	607,522
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale of Investments	2,271,732
Purchase of Investments	(2,305,209)
Net Cash Used by Investing Activities	(33,477)
NET CHANGE IN CASH AND CASH EQUIVALENTS	574,045
Cash and Cash Equivalents - Beginning of Year	4,886,188
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 5,460,233

See accompanying 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 (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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Net Assets Without Donor Restrictions – These assets represent sources whose use is not limited to or restricted by donors. Net assets without donor restriction have arisen from exchange transactions, receipt of contributions without donor restriction, and expirations or satisfaction of existing restrictions.

The Foundation treats restricted contributions whose restrictions are satisfied during the same fiscal year as support without donor restrictions. All contributions made to the Foundation are considered to be available for general 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. 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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, 2025.

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:

Unconditional Promises to Give

Unconditional promises to give are recognized as revenues in the period the promise to give is made as assets, or decreases in liabilities or expenses, depending on the form of the benefits to be received. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met. The allowance for uncollectible promises to give 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 nonfinancial 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

The Foundation expenses advertising costs as incurred. Expenses incurred for the year ended June 30, 2025, were $24,434.

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.

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 December 3, 2025, 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, revised in May 2025, 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)

Investment Policy Statement (IPS) (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)

Following is a description of the valuation methodologies used for assets measured at fair value:

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, 2025:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Equity Mutual Funds	$ 1,822,492	$ 1,822,492	$ -	$ -
Fixed Income	2,003,455	-	2,003,455	-
Certificates of Deposit	110,845	-	110,845	-
Total Investments	3,936,792	1,822,492	2,114,300	-
Beneficial Interest in:				
Remainder Trust	2,303,785	-	-	2,303,785
Total	$ 6,240,577	$ 1,822,492	$ 2,114,300	$ 2,303,785

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, 2025. See Note 5 for discussion of valuation process.

The following table summarizes the difference between cost and estimated fair value of investments as of June 30, 2025:

	Cost	Market
Mutual Funds	$ 1,425,299	$ 2,003,455
Fixed Income	1,804,072	1,822,492
Certificates of Deposit	100,000	110,845
Total	$ 3,329,371	$ 3,936,792

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, 2025, the Trust made distributions of $24,921 to the Foundation. The present value of the Trust increased by $5,174 during the fiscal year ended June 30, 2025. This resulted in the recording of the beneficial interest in the Trust in the amount of $2,303,785 for the year ended June 30, 2025 (see Note 4).

NOTE 6 NON-CASH CONTRIBUTIONS

The Foundation received the following non-cash contributions for the year ended June 30, 2025:

Salaries and Related Expenses	$	423,808
Event Production		61,819
Event Gift Cards and Raffle Items		57,348
Goodwill Shoe Vouchers		51,291
Professional Services		38,263
General Administrative Expenses		30,245
Supplies		1,505
Total	$	664,279

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 including event production 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. The Foundation has no employees of its own. During the year ended June 30, 2025, all Foundation staff members were employees of the District. 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, 2025, the Foundation received non-cash contributions from the District with a market value of approximately $493,822 and contributions from board members in the amount of $343,915. The non-cash contributions included employee services, contracted services, and supplies.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2025:

	Restricted by Purpose or Time	Restricted in Perpetuity	Total
Purpose:			
District Programs	$ 3,741,183	$ -	$ 3,741,183
Dolde Trust	-	2,303,785	2,303,785
Nursing Services - Vision Care	1,083,999	-	1,083,999
Transformative Idea Grant	415,727	-	415,727
Other	110,111	-	110,111
Marketing Expenses and Teacher Awards	58,343	-	58,343
McKinney-Vento Program	47,906	-	47,906
Literacy Programs	44,361	-	44,361
Chief Operations Office	40,565	-	40,565
District Seeds of Learning Program	-	34,020	34,020
Varsity Scholarships	33,468	-	33,468
Total	$ 5,575,663	$ 2,337,805	$ 7,913,468

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	$ 35,000
McKinney-Vento Program	11,574
Chief Operations Office	10,504
Marketing Expenses and Teacher Awards	700
Other	106
Total	$ 57,884

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, 2025, the checking account balances over the FDIC insured limit is $4,723,825. 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 $458,000. The Foundation has an informal no debt policy and invests cash in excess of daily requirements in various cash equivalents to generate investment income without donor restriction for additional reserves. As of June 30, 2025, 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	$ 5,460,233
Investments	3,936,792
Grants Receivable, Current	450,000
Total	9,847,025
Less: Financial Assets With Donor Restrictions	(5,609,683)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 4,237,342

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.

NOTE 11 RESTATEMENT

Unconditional grants receivable awarded to the Foundation in the amount of $362,000 and $500,000, as of and for the years ended June 30, 2024 and 2023, respectively, were not properly recognized in the years awarded. As of June 30, 2024, $481,000 of unconditional grants receivable were outstanding. See item 2025-001 in the accompanying Schedule of Findings and Responses.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND REPORT 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
Mr. Joseph M. Maestas, PE, CFE
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Albuquerque Public Schools Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, 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 December 3, 2025.

Report on 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) 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 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. 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 2025-001, that we consider to be a material weakness.

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Board of Directors
Albuquerque Public Schools Foundation
Albuquerque, New Mexico and
Mr. Joseph M. Maestas, PE, CFE

Report on 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 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.*

Albuquerque Public Schools Foundation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Albuquerque Public Schools Foundation's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Albuquerque Public Schools 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
December 3, 2025

ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
SUMMARY OF AUDITORS' RESULTS (AS REQUIRED BY 2.2.2.10 NMAC (L)(1)(f))
JUNE 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued on whether the financial statements audited were in accordance with GAAP: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ___x___ Yes _____ No
   - Significant deficiency(ies) identified? _____ Yes ___x___ No

3. Noncompliance material to financial statements noted? _____ Yes ___x___ No

ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2025

Section II – Financial Statement Findings

2025-001 – Revenue and Expense Cutoff (Material Weakness)

Condition: Three unconditional grants receivable, in the amount of $900,000, $362,000, and $500,000 as of and for the years ended June 30, 2025, 2024, and 2023, respectively, were not properly recognized in the year of award. Furthermore, prepaid expenses improperly included event expenses in the amount of $61,570 and $41,232 for events that occurred during the years ended June 30, 2025 and 2024, respectively.

Criteria: The Foundation should establish and maintain internal controls to provide reasonable assurance that the financial statements are prepared in accordance with U.S. GAAP, specifically matching principles (recording revenues when earned or as unconditional promises to give are made, and recording expenses in the same period as the revenues they help generate).

Cause: There were insufficient internal controls in place related to multi-year grants and the associated revenue recognition. In addition, transitions in both the Business Manager role and among outsourced CPA providers, combined with new multi-year grant activity during the years noted, contributed to inconsistent treatment. The foundation also had not been advised by its previous auditors or CPA firm on the proper method for revenue recognition on these multi-year grants.

Effect: Understated grants receivable, grant revenues, and net assets with donor restriction (conservative misstatements) and overstated prepaid expenses and understated fundraising expenses. There was no fraudulent activity or misappropriation, as the funds were spent in accordance with donor restriction, and don't have an impact on the Foundations day-to-day operations, budgeting, etc..

Repeat Finding: This is not a repeat finding.

Recommendation: CLA recommends the Foundation implement formal policies and procedure related to the execution and review of grant agreements for revenue recognition in accordance with U.S. GAAP. Furthermore, CLA recommends management utilize a financial close and reporting checklist to ensure all necessary journal entries are considered on a monthly basis, including but not limited to reconciling grants receivable and prepaid expenses.

Views of responsible officials and planned corrective actions: Regarding recognition of multi-year grant award revenue: The Foundation agrees with this finding, and the stated Cause. We also acknowledge the oversight and proper accounting over these transactions were being performed as part of professional services provided by the Foundation's prior and current outsourced CPA firms and did not receive advisement on how to handle revenue recognition on multi-year grants. The Foundation also notes that the fiscal year 2023 and fiscal year 2024 audits were audited by a reputable national CPA firm, who also did not identify this matter. The Foundation is actively implementing a quarterly procedure, beginning December 31, 2025, in which all new grant awards are reviewed by management, in consultation with the Foundation's outsourced CPA firm, to determine proper recording in accordance with U.S. GAAP.

Regarding recognition of event expenses in the correct fiscal period: The Foundation agrees with this finding, and is actively implementing a quarterly procedure, beginning December 31, 2025, in which all such activity will be reconciled against the timing of events being held to ensure proper timing of recording of transactions.

Views of responsible officials and planned corrective actions (continued): Management is committed to continuous improvement and has taken the necessary steps to remedy this issue. We have implemented processes to reconcile grants receivable quarterly and ensure that prepaid are reconciled subsequent to special events occurring. The Business Manager has overall responsibility for implementing corrective actions. Oversight is provided by the Executive Director, who monitors progress and ensures accountability.

ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025

Section II – Financial Statement Findings

Finding Reference	Status
2024-001 – Financial Close and Reporting (Material Weakness)	Resolved

ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2025

An exit conference was held with the Foundation on November 13, 2025. In attendance were:

Albuquerque Public Schools Foundation

Brenda Begley, Board President
Joseph Varro, Treasurer/Finance Chair
Adrian Chavez, Board Member
Sabrina Greinel, Board Member
Michelle Heckroth, Board Member
Henry Newcomb, Student Board Member
Shannon Barnhill, Executive Director
Deztinee Murphy, Business Manager
Sonja Martens, Grants Manager
Rado Josoa, Development and Marketing Manager
Victoria Vittitoe-Keith, Executive Administrative Assistant

CliftonLarsonAllen LLP

Erin M. Sparks, CPA, Principal
Roger Lilly, CPA, Director
Brannon Credle, CPA, Director

Preparation of the Financial Statements

Albuquerque Public Schools Foundation is responsible for the contents of the financial statements. CliftonLarsonAllen LLP assisted with the preparation of the financial statements.

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