

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

Wealth Advisory

Outsourcing

Audit, Tax, and Consulting

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
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YEAR ENDED JUNE 30, 2016**

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**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
BOARD OF DIRECTORS
YEAR ENDED JUNE 30, 2016**

Jeff Lunsford, President
Tammy Grady Thornton, Vice President
Robert Schapira, Past President
Tony Dees, Treasurer-Secretary
Jon Barela, Emeritus
Dale Dekker, Emeritus
Rick Brown, Director
Adrian Chavez, Director
Ron Eppes, Director
Brian Fairhurst, Director
Veronica Garcia, Director
Aubrey Johnson, Director
Julia Miera, Director
Traci Olivias, Director
Shana Runck, Director
Joseph Varro, Jr., Director
Amy Tapia, Director
Roberta Zamora, Director
Julio Chavez, Student Board Member/Director
Laura Donahue, Student Board Member/Director
Mikayla Salgado, Student Board Member/Director

Ex-Officio

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

Staff

Phill Casaus
Roberta Velasquez
Daniel Jaecks
Lawren McConnell



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Albuquerque Public Schools Foundation (the Foundation), a nonprofit organization and component unit of the Albuquerque Public Schools, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2016, 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.

Report on Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other information required by Section 2.2.2 NMAC is presented for purposes of additional analysis and is not a required part of the financial statements.

The other information required by Section 2.2.2 NMAC has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2016 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 6, 2016

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	2,950,988
Accounts Receivable		2,983
Investments		1,994,935
Certificates of Deposit		527,128
Accrued Interest on Investments		6,220
Prepaid Expenses		8,458
Total Current Assets		5,490,712

NON-CURRENT ASSETS

Beneficial Interest in Remainder Trust		1,925,172
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TOTAL ASSETS

\$ 7,415,884

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	155,413
Deferred Revenue		64,628
Total Current Liabilities		220,041

NET ASSETS

Unrestricted		2,003,930
Board Designated		69,597
Total Unrestricted		2,073,527
Temporarily Restricted		3,072,144
Permanently Restricted		2,050,172
Total Net Assets		7,195,843

TOTAL LIABILITIES AND NET ASSETS

\$ 7,415,884

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, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND PUBLIC SUPPORT				
Donations and Pledges	\$ 166,820	\$ 1,023,291	\$ -	\$ 1,190,111
In-Kind Contributions	595,602	5,235	-	600,837
Special Events	46,776	87,863	-	134,639
Investment Income, Net of \$16,283 in Fees	29,456	22,750	-	52,206
Change in Value of Beneficial Interest in Remainder Trust	-	-	(12,299)	(12,299)
Other	228,285	104,518	-	332,803
Total Revenues, Gains, and Public Support	1,066,939	1,243,657	(12,299)	2,298,297
Net Assets Released from Restrictions:				
Expiration of Time and Purpose Restrictions	1,561,917	(1,561,917)	-	-
EXPENSES				
Program Services	1,779,707	-	-	1,779,707
Fundraising	147,979	-	-	147,979
Management and General	525,017	-	-	525,017
Total Expenses	2,452,703	-	-	2,452,703
CHANGES IN NET ASSETS	176,153	(318,260)	(12,299)	(154,406)
Net Assets - Beginning of Year	1,897,374	3,390,404	2,062,471	7,350,249
NET ASSETS - END OF YEAR	\$ 2,073,527	\$ 3,072,144	\$ 2,050,172	\$ 7,195,843

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, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (154,406)
Adjustments to Reconcile Change in Net Assets to Net cash used in operating activities:	
Change in Value of Beneficial Interest in Remainder Trust	12,299
Net Realized and Unrealized Gains on Investments	(31,603)
Effects of Changes in Operating Assets and Liabilities:	
Accrued Interest and Other Assets	(10,946)
Accounts Payable and Other Liabilities	123,665
Net Cash Provided by Operating Activities	(60,991)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sale of Investments	1,091,970
Purchase of Investments	(1,557,844)
Net Cash Used by Investing Activities	(465,874)

NET DECREASE IN CASH AND CASH EQUIVALENTS

(526,865)

Cash and Cash Equivalents - Beginning of Year

3,477,853

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 2,950,988

NONCASH ACTIVITIES

Noncash Administrative Support Provided by:

Albuquerque Public Schools

\$ 535,053

Contributed Goods and Services

\$ 46,462

See accompanying Notes to Financial Statements.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 DEFINITION OF REPORTING ENTITY

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

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

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

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

ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

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

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

Cash and Cash Equivalents

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

Investments

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

Income Taxes

The Foundation is a non-profit 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, 2016.

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 not-for-profit organization, and it follows revenue recognition rules as defined below:

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

ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

Contributions of Services Revenues – Contributions of services are recognized in the financial statements of the Foundation only if the services received: (a) create or enhance non-financial assets of the Foundation, and (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Use of office furniture and equipment is provided at no charge by APS. For the year end June 30, 2016, approximately \$8,300 was included as in-kind revenue on the Statement of Activities and Changes in Net Assets for office furniture and equipment use.

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

Advertising Costs

The Foundation expenses advertising costs as incurred. Expenses incurred for the year ended June 30, 2016 were approximately \$2,393.

Subsequent Events

Management evaluated subsequent events through October 6, 2016, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2016, but prior to October 6, 2016, that provided additional evidence about conditions that existed at June 30, 2016, have been recognized in the financial statements for the year ended June 30, 2016. Events or transactions that provided evidence about conditions that did not exist at June 30, 2016, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2016.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 INVESTMENTS

Investment Policy Statement (IPS)

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

The Foundation shall be responsible for:

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

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

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

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

ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets, and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of June 30, 2016.

	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	\$ 797,511	\$ -	\$ -	\$ 797,511
Equities	960,684	-	-	960,684
Mutual Funds	236,740	-	-	236,740
Total Investments	1,994,935	-	-	1,994,935
Beneficial Interest in Remainder Trust	-	-	1,925,172	1,925,172
Total	<u>\$ 1,994,935</u>	<u>\$ -</u>	<u>\$ 1,925,172</u>	<u>\$ 3,920,107</u>

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	<u>Cost</u>	<u>Estimated Fair Value</u>	<u>Market Value Over (Under) Cost</u>
Investments:			
Fixed Income	\$ 765,251	\$ 797,511	\$ 32,260
Equities	885,916	960,684	74,768
Mutual Funds	241,470	236,740	(4,730)
Total	<u>\$ 1,892,637</u>	<u>\$ 1,994,935</u>	<u>\$ 102,298</u>

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the year ended June 30, 2016.

Beginning Balance	\$ 1,937,471
Contributions	12,341
Distributions	(108,549)
Dividend Income	61,007
Net Unrealized Gain	(39,361)
Investment Management Fees	(18,998)
Change in Present Value Discount	<u>81,261</u>
Ending Balance	<u>\$ 1,925,172</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, 2016. The 2016 changes in present and fair values are reflected in the Foundation's statement of activities and changes in net assets.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5 BENEFICIAL INTERESTS IN REMAINDER TRUSTS

On May 11, 2001, the Foundation was awarded an interest in the William H. and Lilian Dolde Charitable Trust for the purpose of funding fine arts programs in the Albuquerque Public Foundations. The Bank of America administers the Trust. The Trust was originally funded in the amount of \$2,000,000. The Trust document calls for the annual distribution of an amount equal to 5% of the Trust's net position. This annual distribution will expire on December 31, 2051. Upon termination of the Trust, the Foundation is entitled to a portion of the remaining assets in order to establish a permanent endowment for the fine arts. The Foundation is irrevocably entitled to 90% of all annual distributions and 90% of the remaining Trust net position upon termination. The Foundation's interest in the Trust's assets is recorded at fair market value with adjustments made annually for increases or decreases in value. The present value of the Trust agreement was initially calculated using a discount rate of 5% with annual distributions to be received of \$90,000 (90% of \$100,000) for 49.5 years. The present value of the Trust net position at termination was initially estimated using a value of \$1,800,000 in remaining net position (90% of \$2,000,000) with a discount rate of 5% for 50 years. During the fiscal year ended June 30, 2016, the Trust distributed approximately \$109,000 to the Foundation. The present value of the Trust decreased by approximately \$12,300 for the fiscal year ended June 30, 2016. This resulted in the recording of a beneficial interest in the Trust in the amount of \$1,925,172 for the year ended June 30, 2016. The 2016 changes in present and fair values are reflected in the Foundation's statement of activities and changes in net assets.

NOTE 6 RELATED PARTIES

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

During the year ended June 30, 2016, the Foundation received in-kind contributions from APS with a market value of approximately \$535,000. The contributions included employee services and donated supplies and materials.

The Foundation has no employees of its own. During the year ended June 30, 2016, all Foundation staff members were employees of APS.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2016:

Purpose:	
APS Programs	\$ 1,370,574
Nursing Services - Vision Care	786,411
Literacy Programs	532,800
Fine Arts	126,527
Marketing Expenses and Teacher Awards	115,665
Community Rewards	49,432
Middle School Grants	33,618
Communication Department	14,188
Teacher Professional Development	10,490
Other	<u>32,439</u>
Total	<u>\$ 3,072,144</u>

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

Purpose:	
APS Programs	\$ 987,018
Mini Grants to School Programs	207,684
Fine Arts	158,324
Literacy Programs	93,871
APS Seeds of Learning	50,000
Middle School Grants	14,000
Nursing Services - Vision Care	11,378
Communication Department	745
Other	<u>38,897</u>
Total	<u>\$ 1,561,917</u>

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted in perpetuity, the income from which is expendable to support the Foundation. At June 30, 2016, permanently restricted net assets were made up of the Dolde Trust in the amount of \$1,925,172, and amounts restricted for the APS Seeds of Learning Program in the amount of \$125,000.

NOTE 9 CONCENTRATION OF CREDIT RISK

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

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES
EXCEEDING \$60,000 (EXCLUDING GRT) (UNAUDITED)
JUNE 30, 2016**

RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address, Per the Procurement Documentation, of <u>ALL</u> Vendor(s) That Responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or N) - For Federal Funds, Answer N/A	Brief Description of the Scope of Work
None	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Albuquerque Public Schools Foundation, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 6, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Albuquerque Public Schools Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 6, 2016

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF THE ALBUQUERQUE PUBLIC SCHOOLS)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015**

SECTION I – FINANCIAL STATEMENT FINDINGS

2015-010 – Restatement for Classification of Net Assets (Material Weakness) – Resolved

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION
(A COMPONENT UNIT OF ALBUQUERQUE PUBLIC SCHOOLS)
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2016**

An exit conference was held with the Foundation on October 4, 2016. In attendance were:

ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION

Phill Casaus, Executive Director
Tony Dees, Board Chair, Finance Committee
Rick Brown, Board Member
Jeff Lunsford, Board Member, President
Roberta Velasquez, Resource Specialist
Cheryl Burgmaier, CPA, Burgmaier and Associates

CLIFTONLARSONALLEN LLP

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

PREPARATION OF THE FINANCIAL STATEMENTS

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