

**ALBUQUERQUE PUBLIC SCHOOLS  
FOUNDATION (A COMPONENT UNIT  
OF ALBUQUERQUE PUBLIC SCHOOLS)  
Albuquerque, New Mexico**

**FINANCIAL STATEMENTS  
June 30, 2012**

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**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of Albuquerque Public Schools)**  
**BOARD OF DIRECTORS**  
**June 30, 2012**

Cristy Carbon-Gaul	President
Eilene Vaughn-Pickrell	Director
Amy Tapia	Director
Leslie Hoffman	Director
Ellen Bernstein	Director
Monica Armenta	Director
Ron Darnell	Director
Ann Lerner	Director
Adrian Chavez	Director
Winston Brooks	Director
Robert Zamora	Director
Robert Schapira	Director
Jon Barela	Director
Tony Dees	Director
Sander Rue	Director
J.J. Griego	Treasurer
Rick Miera	Director
Ralph Arellanes	Director
Frank Frost	Director
Dale Dekker	Director
Elizabeth Shipley	Director
Paula Maes	Director
Natasha Martel	Director
Tammy Grady-Thorton	Director
Veronica Garcia	Director
Craig Yoshimoto	Director



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## Independent Auditor's Report

The Board of Directors  
Albuquerque Public Schools Foundation  
and  
Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying business-type activity of the Albuquerque Public Schools Foundation (the Foundation), a component unit of the Albuquerque Public Schools, as of and for the year ended June 30, 2012, and the related statements of revenues, expenses and change in net assets and cash flows for the year then ended, which collectively comprise the Foundation's basic financial statements as listed in the table of contents. We have also audited the fiduciary fund, as of and for the year ended June 30, 2012. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the fiduciary fund of the Foundation as of June 30, 2012, and the respective changes in financial position and cash flow, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2012, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Foundation has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

The additional schedule listed as "other supplemental information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*CliftonLarsonAllen LLP*

Albuquerque, New Mexico  
November 14, 2012

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of Albuquerque Public Schools)**  
**STATEMENT OF NET ASSETS**  
**June 30, 2012**

**ASSETS**

Current assets:

Cash and cash equivalents, unrestricted	\$ 896,766
Investments	<u>1,239,714</u>

Total current assets	<u>2,136,480</u>
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Non-current assets, restricted:

Beneficial interest in remainder trusts	<u>2,313,726</u>
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<b>TOTAL ASSETS</b>	<b><u>\$ 4,450,206</u></b>
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**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	<u>\$ 22,521</u>
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Net assets:

Unrestricted	1,898,435
Restricted, nonexpendable	1,919,695
Restricted, expendable	<u>609,555</u>

Total net assets	<u>4,427,685</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,450,206</u></b>
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The accompanying notes are an integral part of the financial statements.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of Albuquerque Public Schools)**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS**  
**Year Ended June 30, 2012**

**OPERATING REVENUES AND OTHER SUPPORT**

Donations and pledges	\$ 662,679
Operational support for management services	434,208
Non-gift revenue	52,568
Net change in fair value of investments	(274,625)
Interest and dividends	<u>255,891</u>

Total operating revenues and other support 1,130,721

**OPERATING EXPENSES**

General and administrative expenses	649,202
Distributions to Albuquerque Public Schools programs	<u>383,216</u>

Total operating expenses 1,032,418

**OPERATING INCOME**

98,303

**NON-OPERATING REVENUES (EXPENSES)**

Change in value of beneficial interest in remainder trusts	<u>11,104</u>
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Total non-operating revenues 11,104

**INCOME AFTER TOTAL NON-OPERATING REVENUES**

109,407

**CHANGE IN NET ASSETS**

109,407

**TOTAL NET ASSETS, BEGINNING OF YEAR**

4,318,278

**TOTAL NET ASSETS, END OF YEAR**

\$ 4,427,685

The accompanying notes are an integral part of the financial statements.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of Albuquerque Public Schools)**  
**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2012**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from donors and other sources	\$ 715,247
Cash paid to beneficiaries and vendors	(339,126)
Cash paid to employees	<u>(243,479)</u>

Net cash provided by operating activities 132,642

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of investments	(695,695)
Proceeds from sale of investments	250,000
Interest and dividends received	<u>255,891</u>

Net cash provided by investing activities (189,804)

**NET INCREASE IN CASH AND CASH EQUIVALENTS** (57,162)

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 953,928

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 896,766

**RECONCILIATION OF OPERATING INCOME  
TO NET CASH FROM OPERATING ACTIVITIES**

Operating income	\$ 117,037
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Accounts payable	22,521
Accrued wages and benefits	<u>(6,916)</u>

Total reconciling adjustments 15,605

**NET CASH PROVIDED BY OPERATING ACTIVITIES** \$ 132,642

**SUPPLEMENTAL DISCLOSURE OF NON-CASH  
OPERATING AND INVESTING ACTIVITIES**

Non-cash administrative support provided by Albuquerque Public Schools	<u>\$ 434,208</u>
Change in fair value of investments	<u>\$ (274,625)</u>
Change in value of beneficial interest in remainder trusts	<u>\$ 11,104</u>

The accompanying notes are an integral part of the financial statements.



**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of Albuquerque Public Schools)**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**June 30, 2012**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 462,011
Investments	<u>1,458,158</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,920,169</u></b>
 <b>LIABILITIES AND NET ASSETS</b>	
Funds held for others	<u>\$ 1,920,169</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,920,169</u></b>

The accompanying notes are an integral part of the financial statements.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of the Albuquerque Public Schools)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**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.

**Basis of Accounting**

The financial statements of the Foundation have been prepared as a governmental not-for-profit organization on the accrual basis of accounting, in accordance with the accounting disclosure and reporting requirements under Governmental Accounting Standards Board (GASB) pronouncements, as the Foundation meets the criteria of a governmental entity for accounting purposes.

**Basis of Presentation**

The Foundation's financial statements are reported as a proprietary fund, using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized as soon as the liability is incurred. Operating revenues and expenses are those incurred by the Foundation and events and activities that relate directly to the Foundation's staff and programs. Revenues from investments and revenues from restricted Trusts are considered non-operating.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of the Albuquerque Public Schools)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

The Foundation also maintains one agency fund, which is a trust account that is held to benefit approximately 220 programs of APS. These funds held in trust are not available for use by the Foundation.

**Net Assets**

**Unrestricted net assets** represent resources whose use is not limited or restricted by donors. Unrestricted net assets have arisen from exchange transactions, receipt of unrestricted contributions and expirations of existing restrictions. Restricted expendable contributions are recorded as unrestricted to the extent the restrictions expire in the same reporting period. As an expense is incurred, the Foundation will first apply unrestricted resources.

**Restricted unexpendable net assets** are subject to donor-imposed restrictions that they be maintained permanently by the Foundation. This class of net assets consists of Bennett Endowment fund investments to be held indefinitely, the income from which is expendable to support APS student vision care costs.

**Restricted expendable net assets** represent resources whose use is limited by donors for the support of student programs. Such restrictions are legally enforceable. Restricted expendable net assets are released from restrictions as their purpose restrictions are met.

**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**

Investments are reported at fair value. Unrestricted investments held by the Foundation have been classified as current based on the nature of the underlying investment securities. Other restricted investments have been classified as non-current. The estimated fair value of investments is based on quoted market prices.

**Revenue Recognition**

The Foundation is accounted for as a governmental 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 the Albuquerque Public Schools)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 In-Kind 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. The Foundation recognizes the value of such use as an in-kind donation received and as non-capitalized equipment expense.

**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 Revenues, Expenses and Change in Net Assets.

**Subsequent Events**

Management evaluated subsequent events through November 14, 2012, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2012, but prior to November 14, 2012, that provided additional evidence about conditions that existed at June 30, 2012, have been recognized in the financial statements for the year ended June 30, 2012. Events or transactions that provided evidence about conditions that did not exist at June 30, 2012, 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, 2012.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of the Albuquerque Public Schools)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2012 are classified in the accompanying financial statements as follows:

	<b>Carrying Value</b>
Cash and cash equivalents, unrestricted	\$ 896,766
Cash and cash equivalents – Agency, restricted	462,011
<b>Total cash and cash equivalents</b>	<b>\$ 1,358,777</b>

A detail of the cash accounts at June 30, 2012 is included below:

<u>Name of Depository</u>	<u>Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>	<u>Reconciled Balance</u>
Wells Fargo	Operating	Deposit	\$ 855,476	\$ 9,630	\$ 865,106
Bank of Albuquerque	Investments	Money Market	31,660	-	31,660
Wells Fargo	Agency	Deposit	453,447	(13,511)	439,936
Bank of Albuquerque	Investment	Money Market	22,075	-	22,075
			<b>\$ 1,362,658</b>	<b>\$ (3,881)</b>	<b>\$ 1,358,777</b>

**Deposits**

Cash deposits are subject to custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, the Foundation's deposits in financial institutions may not be returned to it. The Foundation's bank balance of deposits held in financial institutions at June 30, 2012 was \$1,362,658, including \$475,522 held in a fiscal agent capacity, and was fully insured by the Federal Deposit Insurance Corporation (FDIC), which provides insurance up to \$250,000 per depositor per institution and unlimited coverage for noninterest-bearing transaction accounts at participating FDIC-insured institutions effective through December 31, 2012. The Foundation does not require collateral on its cash deposits. Money market funds are not subject to custodial credit risk.

**NOTE 4 – 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 investments. The IPS is to provide financial stability for the Foundation operations and an increasing stream of income for future program growth.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of the Albuquerque Public Schools)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 4 – INVESTMENTS (CONTINUED)**

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.
- Foundation shall provide Investment Manager with all relevant information on its financial conditions and risk tolerances and shall notify 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

**Custodial Credit Risk**

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer), the Foundation will not be able to recover the value of its investments that are in the possession of that outside party. None of the Foundation's investments are exposed to custodial credit risks as they are held in the name of the Foundation.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of the Albuquerque Public Schools)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 4 – INVESTMENTS (CONTINUED)**

A summary of the Foundation's investments at June 30, 2012 is as follows:

<u>Investments</u>	<u>Maturity</u>	<u>Ratings</u>	<u>Market Value</u>
Equity Mutual Funds	N/A	Not Rated	\$ 1,807,950
Fixed Income Mutual Funds	N/A	Not Rated	<u>889,922</u>
			2,697,872
Less agency funds			<u>(1,458,158)</u>
			<u>\$ 1,239,714</u>

**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 Schools. 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 assets. 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 assets 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 assets at termination was initially estimated using a value of \$1,800,000 in remaining net assets (90% of \$2,000,000) with a discount rate of 5% for 50 years. During the fiscal year ended June 30, 2012, the Trust distributed \$118,247 to the Foundation, while \$118,247 was disbursed. The present value of the Trust decreased by \$31,233 and the fair value of the Trust's assets decreased by \$191,735 for the fiscal year ended June 30, 2012. This resulted in the recording of a beneficial interest in the Trust in the amount of \$1,919,695 for the year ended June 30, 2012. The 2012 changes in present and fair values are reflected in the Foundation's Statement of Revenues, Expenses and Change in Net Assets.

In April of 2003, the Foundation was awarded an interest in the Guhl Charitable Trust for the purpose of funding programs in the Albuquerque Public Schools. The Bank of America administers the Trust. The Trust document calls for the distribution of an amount equal to 20% of the Trust's remaining assets to the Foundation upon termination on April 13, 2013. The Foundation's interest in the Trust's assets is recorded at fair market value with adjustments

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of the Albuquerque Public Schools)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

made annually for increases or decreases in value. The present value of the Trust agreement was calculated using a discount rate of 5%. No present value of the Trust net assets at termination was estimated as the termination date was within a year. The Trust assets (20% of \$1,970,154 [market value of trust as of June 30, 2012]) with a discount rate of 5%, resulted in the recording of a beneficial interest in the Guhl Trust in the amount of \$394,031 for the fiscal year ended June 30, 2012. The increase in beneficial interest of \$20,129 is reflected in the Foundation's Statement of Revenues, Expenses and Change in Net Assets.

**NOTE 6 – 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, 2012, the Foundation received in-kind contributions from the District with a market value of \$434,208. The contributions included employee services and donated supplies and materials.

The Foundation has no employees of its own. During the year ended June 30, 2012, all Foundation staff members were employees of the District; however, the Foundation reimbursed the District for 18% of the Executive Director's compensation package and all Foundation employee benefits at a rate of 26%.

This information is an integral part of the accompanying financial statements.



**OTHER SUPPLEMENTAL INFORMATION**

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of the Albuquerque Public Schools)**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND**  
**June 30, 2012**

	<u>Balance, July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2012</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 135,637	\$ 326,374	\$ -	\$ 462,011
Investments	<u>1,046,436</u>	<u>411,722</u>	<u>-</u>	<u>1,458,158</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,182,073</u>	<u>\$ 738,096</u>	<u>\$ -</u>	<u>\$ 1,920,169</u>
<b>LIABILITIES</b>				
Funds held for others	<u>\$ 1,182,073</u>	<u>\$ 738,096</u>	<u>\$ -</u>	<u>\$ 1,920,169</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,182,073</u>	<u>\$ 738,096</u>	<u>\$ -</u>	<u>\$ 1,920,169</u>



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**Independent Auditor's 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***

The Board of Directors  
Albuquerque Public Schools Foundation  
and  
Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying basic financial statements of the Albuquerque Public Schools Foundation (the Foundation), a component unit of the Albuquerque Public Schools, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 14, 2012. 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.

**Internal Control over Financial Reporting**

Management of the Foundation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our audit procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

*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 Fund's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of 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*.

This report is intended solely for the information and use of the board of directors, management, the Albuquerque Public Schools Foundation and the New Mexico State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

Albuquerque, New Mexico  
November 14, 2012

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of the Albuquerque Public Schools)**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2012**

**Section II – Financial Statement Findings**

There were no findings for the year ended June 30, 2012.

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of Albuquerque Public Schools)**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**June 30, 2012**

**Section II – Financial Statement Findings**

11-01 Prior Period Restatement – Agency Transaction Determination (Material Weakness) –  
Resolved

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**  
**(A Component Unit of Albuquerque Public Schools)**  
**EXIT CONFERENCE**  
**June 30, 2012**

An exit conference was held with the Foundation on October 15, 2012. In attendance were:

**ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION**

Phil Casaus, Executive Director  
Cathy Cavin, Resource Specialist  
Craig Yoshimoto, Board Member, Finance Committee  
Ann Lerner, Board Member, Finance Committee  
J.J. Griego, Treasurer, Chair, Finance Committee (teleconference)

**CLIFTONLARSONALLEN LLP**

Georgie Ortiz, CPA, CGFM, Partner

**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 Auditor's Report. Management reviewed and approved the financial statements.