

STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION, INC.  
COMPONENT OF  
MORENO VALLEY HIGH SCHOOL

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COMPREHENSIVE FINANCIAL ANNUAL REPORT  
AND  
SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2011  
WITH  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**KEYSTONE ACCOUNTING, LLC**

**CERTIFIED PUBLIC ACCOUNTANTS**

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## INTRODUCTORY SECTION

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STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION, INC.

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Year Ended June 30, 2011

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STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION, INC.

OFFICIAL ROSTER  
June 30, 2011

Board of Directors

Shaylee Tiblias	President
Carrie Belichick	Treasurer
Lisa Sutton	Member
Mary Shaffer	Member

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**FINANCIAL SECTION**

**FISCAL YEAR 2011**

**JULY 1, 2010 THROUGH JUNE 30, 2011**

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# KEYSTONE ACCOUNTING, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

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Farmington, NM 87401

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### INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor  
And the Board of Directors of  
Moreno Valley Education Foundation, Inc.

We have audited the accompanying statement of financial position of the Moreno Valley Education Foundation, Inc. (a non-profit organization)(a component of Moreno Valley High School), as of and for the year ended June 30, 2011, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the agency's management. 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 of material misstatement. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Moreno Valley Education Foundation, Inc. as of June 30, 2011, and the respective changes in financial position and cash flows of the Foundation 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 statement referred to above presents fairly, in all material respects the budgetary comparison of the District for the year ended June 30, 2011 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 August 31, 2011, on our consideration of the Moreno Valley Education Foundation, Inc.'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 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 considered in conjunction with this report in assessing the results of our audit.

# KEYSTONE ACCOUNTING, LLC

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Hector H. Balderas, State Auditor  
And the Board of Directors of  
Moreno Valley Education Foundation, Inc.

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Keystone Accounting, LLC*  
August 31, 2011

## **BASIC FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION

STATEMENT OF NET ASSETS  
June 30, 2011

ASSETS

Current assets:

Cash and cash equivalents	\$ 121,945
---------------------------	------------

Noncurrent assets:

Capital assets:

Land	284,843
------	---------

Buildings and improvements	517,095
----------------------------	---------

Equipment	101,353
-----------	---------

Less: accumulated depreciation	<u>(318,314)</u>
--------------------------------	------------------

Total noncurrent assets	<u>584,977</u>
-------------------------	----------------

Total assets	<u>\$ 706,922</u>
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LIABILITIES

Current liabilities:

Accrued interest payable	\$ 247
--------------------------	--------

Loans payable	<u>56,410</u>
---------------	---------------

Total current liabilities	56,657
---------------------------	--------

Noncurrent liabilities:

Loans payable (less current portion)	<u>49,018</u>
--------------------------------------	---------------

Total liabilities	<u>105,675</u>
-------------------	----------------

NET ASSETS

Invested in capital assets, net of related debt	479,549
-------------------------------------------------	---------

Unrestricted	<u>121,698</u>
--------------	----------------

Total net assets	<u>601,247</u>
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Total liabilities and net assets	<u>\$ 706,922</u>
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STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS  
Year ended June 30, 2011

Operating revenue:		
Fundraising	\$	9,154
Donations		24,250
Rental		58,000
Grant		58,000
Other		<u>382</u>
Total operating revenue		<u>149,786</u>
Operating expenses:		
Travel		1,104
Office expense		118
Repairs and maintenance		3,435
Insurance		930
Legal and professional		3,461
Education		41,222
Depreciation		<u>67,676</u>
Total operating expenses		<u>117,946</u>
Operating income (loss)		<u>31,840</u>
Non-Operating income (expenses):		
Interest expense		<u>(5,177)</u>
Change in net assets		26,663
Net assets beginning of year		<u>574,584</u>
Net assets end of year	\$	<u>601,247</u>

STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION

PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
Year ended June 30, 2011

**CASH FLOWS FROM OPERATING**

**ACTIVITIES**

Cash received from customers	\$ 149,786
Cash payments for supplies and maintenance	<u>(50,270)</u>
Net cash provided by operating activities	<u>99,516</u>

**CASH FLOWS FROM CAPITAL AND RELATED**

**FINANCING ACTIVITIES**

Principal paid on capital debt	(62,344)
Interest paid on capital debt	<u>(5,551)</u>
Net cash used in capital and related financing activities	<u>(67,895)</u>

Net increase in cash and cash equivalents	31,621
Cash and cash equivalents at beginning of year	<u>90,324</u>
Cash and cash equivalents at end of year	<u><u>\$ 121,945</u></u>

**RECONCILIATION OF OPERATING INCOME  
TO NET CASH PROVIDED (USED) BY  
OPERATING ACTIVITIES**

Operating income	\$ 31,840
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	<u>67,676</u>
Net cash provided by operating activities	<u><u>\$ 99,516</u></u>



STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2011

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I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Moreno Valley Education Foundation, Inc. (Foundation) is a legally separate, tax exempt component of Moreno Valley High School (School). The Foundation and is governed by an elected four-member board. The Council is the basic level of government, which has oversight responsibility and control over all activities related to the Foundation. The Foundation operates for the purpose of providing supporting funds to the Moreno Valley High School. The Foundation received funds from renting facilities to the School, and donations and fund raising.

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Foundation's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statement.

The Foundation's financial statements include all entities over which the Board exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component unit and no fiduciary units were included in the financial statements.

The Foundation is reported as discretely presented component unit of Moreno Valley High School as required in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units, an amendment of GASB Statement No. 14* Moreno Valley High School's report can be obtained at:

Moreno Valley High School  
P.O. Box 1037  
Angel Fire, NM 87710

The Moreno Valley Education Foundation, Inc., New Mexico (Foundation) was incorporated, and it is administered by a manager, who is overseen by a local advisory board for the purpose of providing supporting funds to the Moreno Valley High School. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary governments is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the Foundation's financial statements to be misleading or incomplete. The Foundation provides the usual municipal services with the exception of education, which administered by other governmental agencies.

As required by GAAP, these financial statements present the Foundation (primary government).

STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2011

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I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Depending upon the significance of the financial and operational relationships with various separate entities, the organizations are classified as blended or discrete component units.

1. Blended Component Units.

Legally separate component units for which the Foundation is financially accountable are blended with the primary government because they are, in substance, part of the government's operations. Blended means the data from these units are combined with data of the primary government. The Foundation had no blended component units during the fiscal year ended June 30, 2011.

2. Discretely Presented Component Units.

The financial data of component units are reported in separate columns to emphasize that they are legally separate from the Foundation. The Foundation had no discrete component units during the fiscal year ended June 30, 2011.

3. Related Organizations.

The Foundation appoints members to the boards, but the Foundation's accountability for the organizations does not extend beyond making these appointments and there is no fiscal dependency of these organizations on the Foundation.

B. Financial statement presentation

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows.

C. Cash and equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

D. Use of Estimates

The preparation of financial statements in conformity with 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2011

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I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property and equipment

Property and equipment is recorded at cost. Donations of property and equipment are recorded as unrestricted support at their estimated value. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expenses as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

F. Long-term liabilities

The Foundation borrowed long-term financing for the purpose of financing a portion of the facilities for the Moreno Valley High School. Funding to service the debt is provided by rent charges for the facilities.

G. Income taxes

The Foundation is a tax exempt organization under Section 501(c)(3) of the Code.

H. Restricted cash

Restricted cash reported on the statement of net assets are contributions made for specific purposes. The money is earmarked for such purposes and should be spent accordingly.

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2011, the carrying amount of the Foundation's deposits was \$90,324 and the bank balance was \$94,554. Of this balance \$94,554 was covered by federal depository insurance. The Foundation was not required to have pledged collateral at June 30, 2011.

STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2011

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II. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Temporary Investments (continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. As of June 30, 2011, none of the Foundation's bank balance of \$121,944 was exposed to custodial risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured and collateral held by pledging bank's trust dept not in the District's name	-
Total uninsured	-
Insured (FDIC)	121,944
Total deposits	\$ 121,944

The collateral pledged is listed on Page 19 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

**STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION, INC.**

Notes to the Financial Statements  
June 30, 2011

**III. CAPITAL ASSETS**

**A. Capital Assets**

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
Capital assets not being depreciated:				
Land and land rights	\$ 284,843	\$ -	\$ -	\$ 284,843
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>284,843</u>	<u>-</u>	<u>-</u>	<u>284,843</u>
Capital assets being depreciated:				
Improvements	335,244	-	-	335,244
Buildings and improvements	181,851	-	-	181,851
Equipment and other	<u>105,579</u>	<u>-</u>	<u>(4,226)</u>	<u>101,353</u>
Total capital assets being depreciated	<u>622,674</u>	<u>-</u>	<u>(4,226)</u>	<u>618,448</u>
Less accumulated depreciation for:				
Improvements	(140,970)	(16,934)	-	(157,904)
Buildings and improvements	(44,855)	(34,205)	-	(79,060)
Equipment and other	<u>(69,039)</u>	<u>(16,537)</u>	<u>4,226</u>	<u>(81,350)</u>
Total accumulated depreciation	<u>(254,864)</u>	<u>(67,676)</u>	<u>4,226</u>	<u>(318,314)</u>
Total capital assets being depreciated, net	<u>367,810</u>	<u>(67,676)</u>	<u>-</u>	<u>300,134</u>
Capital assets, net	<u>\$ 652,653</u>	<u>\$ (67,676)</u>	<u>\$ -</u>	<u>\$ 584,977</u>

**Construction Commitments**

The Foundation did not have any ongoing construction as of June 30, 2011.

STATE OF NEW MEXICO  
 MORENO VALLEY EDUCATION FOUNDATION, INC.

Notes to the Financial Statements  
 June 30, 2011

IV. LONG-TERM DEBT

A. Note Payable

	<u>Original Amount</u>	<u>Balance</u>	<u>Current Balance</u>
Note issued from International Bank. The interest rate is from 4.5% annually. Monthly principal and interest payments in the amount of \$5,000 starting September 2006.	<u>\$ 300,000</u>	<u>\$ 105,679</u>	<u>\$ 56,410</u>

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

Annual debt service requirements to maturity for long-term debt are as follows:

<u>June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2012	\$ 56,410	\$ 3,590	\$ 60,000
2013	<u>49,269</u>	<u>999</u>	<u>50,268</u>
Total	<u>\$ 105,679</u>	<u>\$ 4,589</u>	<u>\$ 110,268</u>

**OTHER SUPPLEMENTAL INFORMATION**

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STATE OF NEW MEXICO  
 MORENO VALLEY EDUCATION FOUNDATION

SCHEDULE OF PLEDGED COLLATERAL

June 30, 2011

	International Bank
Cash on deposit	\$ 121,945
Less FDIC Coverage	<u>(121,945)</u>
Total uninsured funds	<u>\$ -</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Operating	Checking	International Bank	\$ 92,325
Certificate of deposit	Certificate of deposit	International Bank	<u>29,620</u>
Total			<u>\$ 121,945</u>
Adjustments to cash:			
		Bank Balance	\$ 121,945
		Reconciling items	<u>-</u>
		Cash and cash equivalents	<u>\$ 121,945</u>
		Cash and cash equivalents	<u>\$ 121,945</u>

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**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**

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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

Hector H. Balderas, State Auditor  
and the Board of Directors  
Moreno Valley Education Foundation, Inc.

We have audited the accompanying statement of financial position of the Moreno Valley Education Foundation, Inc. (a non-profit organization)(a component of Moreno Valley High School), as of and for the year ended June 30, 2011, and the related statement of activities and cash flows for the year then ended, and have issued our report thereon dated August 31, 2011. 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 Moreno Valley Education Foundation, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Moreno Valley Education Foundation, Inc. 's internal control over financial reporting as a basis for designing our auditing 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 Moreno Valley Education Foundation, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness Moreno Valley Education Foundation, Inc.'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 entity'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 consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting. F2011 -1 and F2011 -2. 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.

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Hector H. Balderas, State Auditor  
and the Board of Directors  
Moreno Valley Education Foundation, Inc.

## Compliance and other matters

As part of obtaining reasonable assurance about whether Moreno Valley Education Foundation, Inc.'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 nine instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of audit findings as findings F2011 – 1.

We also noted a certain other matter that is required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16, and pursuant to Section 12-6- 5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings C2011-01 and F2011 – 2.

The Foundation's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Foundation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the Moreno Valley Education Foundation, Inc., the State Auditor, the New Mexico Legislature, New Mexico Public Education Department, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

*Keystone Accounting, LLC*

August 31, 2011

STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION, INC.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended June 30, 2011

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A. PRIOR YEAR AUDIT FINDINGS

F2010 – 1 PREPARATION OF FINANCIAL STATEMENTS

*Current Status:* Resolved – not repeated in the current year.

F2010 – 2 EXPENSES POSTED IN REVENUE ACCOUNTS

*Current Status:* Not resolved - repeated in the current year.

F2010 – 3 MISSTATEMENT OF CASH

*Current Status:* Not resolved - repeated in the current year.

F2011 – 4 UNTIMELY DEPOSITS

*Current Status:* Resolved – not repeated in the current year.

F 2011 – 5 BACKUP DOCUMENTATION FOR DISBURSEMENT MISSING

*Current Status:* Resolved – not repeated in the current year.

F 2011 – 6. CASH DISBURSEMENTS WERE NOT PAID IN A TIMELY MANNER.

*Current Status:* Resolved – not repeated in the current year.

F 2011 – 7 MISSING RECEIPTS

*Current Status:* Resolved – not repeated in the current year.

STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION. INC.

SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2011

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B. FINDINGS—FINANCIAL STATEMENTS AUDIT

F2011 – 1 EXPENSES POSTED IN REVENUE ACCOUNTS

<u>Significant Deficiency?</u>	<u>Material Weakness?</u>		
Yes	No	<u>Internal Control?</u>	<u>Compliance?</u>
		Yes	Yes
			<u>Other Matter?</u>
			No

*Condition:* The foundation posted two different expenditures totaling \$301 in a revenue account.

*Criteria:* In accordance with proper accounting procedures – expenses and revenue should be reported separately.

*Effect of condition:* The revenue and the expenses are understated.

*Cause:* The expenses for a grant were posted in the revenue.

*Recommendation:* The expenditures should be properly recorded as expenses.

*Management's Response:* This was a single entry mistake by the bookkeeper. This entry will be corrected.



STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION, INC.

SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2011

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B. FINDINGS—FINANCIAL STATEMENTS AUDIT (continued)

F2011 – 2 MISSTATEMENT OF CASH  
(repeat of original finding number F2009 – 4)

<u>Significant Deficiency?</u>	<u>Material Weakness?</u>
Yes	No

<u>Internal Control?</u>	<u>Compliance?</u>	<u>Other Matter?</u>
Yes	No	Yes

*Condition:* Reconciliation of bank balances were misrepresented by having 1 checks which were written in June were not recorded on the books until July when they cleared the bank. The checks totaled \$45.

*Criteria:* Reconciliation of bank statements to general ledger cash balances should be performed monthly, and reviewed by management to maintain fiscal responsibility and safeguard the assets.

*Effect of condition:* Overvaluation of the cash account, and undervaluation of the expense accounts.

*Cause:* Two checks written in June were not properly posted to the books until July when they cleared the bank.

*Recommendation:* Review of check register and reconciliation of bank accounts to insure accuracy.

*Management's Response:* The Foundation will correct this process with the bookkeeper.

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## REQUIRED DISCLOSURES

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STATE OF NEW MEXICO  
MORENO VALLEY EDUCATION FOUNDATION, INC.

REQUIRED DISCLOSURES  
Year Ended June 30, 2011

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The financial statements were prepared by the independent public accountant.

An exit conference was held August 31, 2011 during which the audit findings were discussed. The exit conference was attended by the following individuals:

MORENO VALLEY EDUCATION FOUNDATION, INC.

Carrie Belichick                      Treasurer

KEYSTONE ACCOUNTING, LLC

Terry Ogle, C.P.A.                      Partner