

ATC FOUNDATION
(A COMPONENT UNIT OF THE SANTA FE PUBLIC SCHOOLS)

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

**For The Year Ended December 31, 2008,
With Comparative Totals for 2007**

HINKLE & LANDERS PC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**ATC FOUNDATION
INDEPENDENT AUDITORS' REPORT AND
AUDITED FINANCIAL STATEMENTS**

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**ATC FOUNDATION
INDEPENDENT AUDITORS' REPORT AND
AUDITED FINANCIAL STATEMENTS**

**OFFICIAL ROSTER
AS OF DECEMBER 31, 2008**

Patricia Joseph President/Director
Steve Rogers Secretary/Director
Janet Sones..... Treasurer/Director
Eileen Montoya..... Principal of ATC School/Director
Charles F. Hammer Director (ex-officio, Rep. of ATC Governing Council)
Dotti Graviet Director
Isaac Pino Director

Hinkle & Landers, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
ATC Foundation
Santa Fe, NM

We have audited the accompanying statement of financial position of the Academy of Technology and the Classics Foundation (ATCF) (a nonprofit organization) as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the ATC Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the ATC Foundation's December 31, 2007 audited financial statements and in our report dated June 30, 2008, we expressed an unqualified opinion on those financial statements.

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 consolidated 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 consolidated financial position of ATCF as of December 31, 2008 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 accordance with *Government Auditing Standards*, we have also issued a report dated January 13, 2010 on our consideration of ATCF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters for the year then ended. 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Hinkle & Landers, P.C.
January 13, 2010

ATC FOUNDATION
STATEMENT OF FINANCIAL POSITION
As of December 31, 2008, With Comparative Totals For 2007

ASSETS	Notes	2008	2007
Current assets			
Cash and cash equivalents	3	\$ 54,096	36,839
Restricted cash and cash equivalents	3,4	831,220	790,359
Total cash and cash equivalents		<u>885,316</u>	<u>827,198</u>
 Prepaid expenses		 <u>5,980</u>	 <u>1,286</u>
 Total current assets		 891,296	 828,484
Property and equipment			
Property and equipment, net	5	6,098,554	6,229,707
Other assets			
Bond issuance costs	6	99,541	104,819
Total assets		<u>\$ 7,089,391</u>	<u>7,163,010</u>
 LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable		\$ 86	-
Accrued interest payable	7	203,406	204,273
Bond payable (current portion)	7	80,000	25,000
Total current liabilities		<u>283,492</u>	<u>229,273</u>
Long-term liabilities			
Bond payable	7	6,630,000	6,710,000
Total liabilities		<u>6,913,492</u>	<u>6,939,273</u>
Net assets			
	2-2		
Unrestricted:			
Investment in property and equipment, less land		(1,062,446)	(956,293)
Undesignated		260,357	202,042
Total unrestricted		<u>(802,089)</u>	<u>(754,251)</u>
Temporarily restricted			
Debt service		526,988	526,988
Permanently restricted			
Investment in land		451,000	451,000
Total net assets		<u>175,899</u>	<u>223,737</u>
Total liabilities and net assets		<u>\$ 7,089,391</u>	<u>7,163,010</u>

SEE INDEPENDENT AUDITOR'S REPORT

The accompanying notes are an integral part of these financial statements

ATC FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008, With Comparative Totals For 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2008 Total</u>	<u>2007 Total</u>
Revenues and support					
Building Rent	\$ 549,234	-	-	549,234	253,296
Individual contributions					
Contributions	11,350	-	-	11,350	35,655
In-Kind donations	-	-	-	-	16,305
Interest/dividend income	11,042	-	-	11,042	96,399
Realized gain(loss) on investments	-	-	-	-	7,166
Unrealized gain(loss) on investments	-	-	-	-	(4,111)
Total support	<u>571,626</u>	<u>-</u>	<u>-</u>	<u>571,626</u>	<u>404,710</u>
Expenses					
Program expenses	594,344	-	-	594,344	503,472
General and administrative expenses	25,120	-	-	25,120	30,078
Total expenses	<u>619,464</u>	<u>-</u>	<u>-</u>	<u>619,464</u>	<u>533,550</u>
Change in net assets	(47,838)	-	-	(47,838)	(128,840)
Net assets, beginning of year	(754,251)	526,988	451,000	223,737	352,577
Net assets, end of year	<u>\$ (802,089)</u>	<u>526,988</u>	<u>451,000</u>	<u>175,899</u>	<u>223,737</u>

SEE INDEPENDENT AUDITOR'S REPORT

The accompanying notes are an integral part of these financial statements

ATC FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2008, With Comparative Totals For 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from:		
Rent	\$ 549,234	253,296
Contributions	11,350	35,655
Interest/dividend income	11,042	96,399
Total cash received	571,626	385,350
Less cash paid to:		
Interest paid	(443,864)	(449,618)
Employees and suppliers	(29,728)	(834,627)
Total cash paid	(473,592)	(1,284,245)
Net cash provided/(used) by operating activities	98,034	(898,895)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(14,916)	(3,616,102)
Proceeds from sale of investments	-	541,450
Net gain/(loss) on investments	-	3,054
Net cash provided (used) by investing activities	(14,916)	(3,071,598)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of short-term note payable	-	70,147
Repayment of note payable	-	(70,147)
Repayment of bond payable	(25,000)	-
Net cash provided (used) by financing activities	(25,000)	-
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	58,118	(3,970,493)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	827,198	4,797,691
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 885,316	827,198
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ (47,838)	(128,840)
Depreciation expense	146,069	48,510
In-kind donation of fixed assets	-	(16,305)
Realized (gain)/loss on investments	-	(7,166)
Unrealized (gain)/loss on investments	-	4,111
(Increase)/decrease in prepaid expenses	(4,694)	(959)
(Increase)/decrease in amortized bond issuance cost	5,278	5,278
Increase/(decrease) in accounts payable	86	(803,524)
Increase/(decrease) in interest payable	(867)	-
NET CASH PROVIDED BY OPERATION ACTIVITIES	\$ 98,034	(898,895)

SEE INDEPENDENT AUDITOR'S REPORT

The accompanying notes are an integral part of these financial statements

ATC FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2008, With Comparative Totals For 2007

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2008 Total</u>	<u>2007 Total</u>
Bond issuance costs	\$ 5,278	-	-	5,278	5,278
Property and liability insurance	-	9,630	-	9,630	18,205
Accounting expense	-	10,743	-	10,743	215
Trustees	-	2,672	-	2,672	2,672
Legal expense	-	1,950	-	1,950	11,875
License and Permits	-	-	-	-	10
Office supplies	-	105	-	105	179
Dues and Subscriptions	-	20	-	20	-
Maintenance and repairs	-	-	-	-	1,622
Utilities	-	-	-	-	178
Interest expense	442,997	-	-	442,997	449,618
Less capitalized interest	-	-	-	-	(4,810)
Total expenses before depreciation	<u>448,275</u>	<u>25,120</u>	<u>-</u>	<u>473,395</u>	<u>485,042</u>
Depreciation	<u>146,069</u>	<u>-</u>	<u>-</u>	<u>146,069</u>	<u>48,510</u>
Total expenses	<u>\$ 594,344</u>	<u>25,120</u>	<u>-</u>	<u>619,464</u>	<u>533,552</u>

SEE INDEPENDENT AUDITORS' REPORT

The accompanying notes are an integral part of these financial statement

**ATC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 1 – NATURE OF OPERATIONS

Organization

ATC Foundation (ATCF) is a non-profit organization that operates for the exclusive benefit of the New Mexico Charter school “The Academy of Technology and the Classics (ATC),” its students, and its staff, to provide education and related services and other charitable functions. The current focus of the Foundation is the development of various fundraising endeavors that are still in the planning stages. Revenues are obtained primarily through contributions and through building lease payments made by ATC to the Foundation. Approximately 96% of the Foundation’s revenues came from building lease payments.

For accounting presentation purposes, ATCF is reported in the financial statements of the Santa Fe Public Schools (SFPS) as a component unit in accordance with the requirements of Governmental Accounting Standards Board Pronouncement No. 39, Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14.

The accompanying financial statements present only the financial position, results of operations and cash flows of the ATCF and are not intended to present fairly the financial position of the SFPS and results of its operations and cash flows of its proprietary fund types. ATCF does not have a legally adopted budget and therefore does not present budgets in its financial statements. ATCF has no component units or operating affiliates and associates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foundation’s significant accounting policies are as follows:

1. Basis of Accounting

ATCF’s financial statements have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The Foundation follows the accounting standards issued under the Financial Accounting Standards Board (FASB) as opposed to the standards issued under the Governmental Accounting Standards Board (GASB). ATCF does not meet any of the following three criteria in its relationship with the SFPS that would require the Foundation to be considered a government for accounting purposes:

- There is no popular election of officers or appointment (or approval) of a controlling majority of the members of the ATCF’s governing body by officials of one or more state or local governments.
- There is no potential for unilateral dissolution by the SFPS with the net assets of ATCF reverting to the SFPS.
- The Foundation does not have the ability to enforce and enact a tax levy.

ATC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. Financial Statement Presentation

ATC Foundation follows Statement of Financial Accounting Standards (SFAS) 117, "Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, ATCF 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.

Unrestricted Net Assets

Undesignated unrestricted net assets are used to account for all resources over which the Board of Directors has discretionary control.

Temporarily Restricted Net Assets

Temporarily restricted net assets result from contributions and other inflows of assets whose use by ATCF is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled and removed by actions of ATCF pursuant to those stipulations. As of December 31, 2008, ATCF had \$526,988 in temporarily restricted net assets related to Debt Service requirements.

Permanently Restricted Net Assets

Permanently restricted net assets result from contributions and other inflows of assets whose use by ATCF is limited by donor-imposed stipulations that cannot be removed by actions of ATCF. As of December 31, 2008, ATCF had \$451,000 in permanently restricted net assets in the form of a restricted-use land donation.

3. Use of Estimates

Preparing financial statements in conformity with U.S. generally accepted accounting principles 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.

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash.

5. Restricted Cash and Cash Equivalents

ATCF maintains certain investment accounts restricted for use only as directed by a corresponding Bond Indenture. As of December 31, 2008, these accounts totaled \$831,220.

**ATC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 3 provides a listing of the accounts and their individual balances, while Note 4 describes any restrictions.

6. Investments

ATCF reports its investment accounts at fair value. As of December 31, 2008, all investment accounts held by ATCF consisted of varying money market and cash management funds that are highly liquid and readily converted to cash.

7. Property and Equipment

A donation of 10.49 acres of land was made by Rancho Viejo Limited Partnership to ATCF for the restricted purpose of building a Charter School. A special warranty deed was conveyed from ATCF to Santa Fe County, New Mexico and will be deeded back to ATCF upon maturity and payment of the associated bonds.

Acquisitions of property and equipment are capitalized at cost, or if donated, at the approximate fair market value at the date of donation. ACTF capitalizes all expenditures over \$500 for property and equipment that benefit future periods. Depreciation and amortization is calculated principally on the straight-line basis over the following estimated useful lives of the assets.

	<u>Depreciable Lives</u>
Building	40 years
Land Improvements	40 years

8. Income Taxes

ATCF qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. The Internal Revenue Service has classified the Organization as other than a private foundation.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of December 31:

<u>Cash Accounts</u>		<u>2008</u>	<u>2007</u>
Los Alamos National Bank Checking	\$	13,270	8,314
Los Alamos National Bank Savings		40,826	28,525
Total cash accounts	\$	<u>54,096</u>	<u>36,839</u>

<u>Highly Liquid Investment Accounts</u>	<u>Current Yield</u>	<u>31-Dec-08</u>		<u>31-Dec-07</u>	
		<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Bond Fund	0.01%	\$ 301,462	301,462	248,187	248,187
Reserve Fund- see below	0.01%	529,758	529,758	542,172	542,172
Total		<u>\$ 831,220</u>	<u>831,220</u>	<u>790,359</u>	<u>790,359</u>

**ATC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 4 – INVESTMENTS

All of ATCF's investment accounts are held in trust by the Bank of Albuquerque. A summary of the accounts and their any associated restrictions and minimum balances follows:

<u>Investment Accounts</u>	<u>Purpose/Restriction</u>	<u>Minimum Balance</u>
Reserve Fund	Debt service reserve	\$ 526,988
Santa Fe County - Bond Fund	Payment of debt service	-

NOTE 5 – PROPERTY/EQUIPMENT AND DEPRECIATION

Property and equipment consist of the following at December 31:

<u>Fixed Asset Category</u>	<u>2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>2008</u>
Building	\$ 5,781,571	14,916	-	5,796,487
Land improvements	45,646	-	-	45,646
Total depreciable assets	5,827,217	14,916	-	5,842,133
Less accumulated depreciation	(48,510)	(146,069)	-	(194,579)
Depreciable assets (net)	5,778,707	(131,153)	-	5,647,554
Land	451,000	-	-	451,000
Total non-depreciable assets	451,000	-	-	451,000
Total fixed assets (net)	\$ <u>6,229,707</u>	<u>(131,153)</u>	<u>-</u>	<u>6,098,554</u>

Depreciation expense for the years ended December 31, 2008 and 2007 was \$146,069 and \$48,510, respectively.

NOTE 6 – OTHER ASSETS

Other assets consist of capitalized bond issuance costs related to the issuing of bonds for the construction of the school building for ATC's use. The costs will be amortized over the life of the bonds using the straight line method as follows:

<u>Bond</u>	<u>Amount at December 31, 2007</u>	<u>Amount Amortized</u>	<u>Amount at December 31, 2008</u>
2006A tax-exempt term bond, due Jan 15, 2026	\$ 38,811	(2,151)	36,660
2006A tax-exempt term bond, due Jan 15, 2036	64,306	(2,293)	62,013
2006B tax-exempt term bond, due Jan 15, 2010	1,702	(834)	868
Total	\$ <u>104,819</u>	<u>(5,278)</u>	<u>99,541</u>

NOTE 7 – BONDS PAYABLE

ATCF issued Industrial Revenue Bonds consisting of Series 2006A Tax-Exempt and 2006B Taxable Non-rated, 30 year maturity bonds on January 15, 2006 with rates at 6.50%, 6.625%, and 7.55% determined by maturity date. The bonds are secured by a first mortgage on the

**ATC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

property and improvements owned by ATCF, which amounts to \$6,710,000 as of December 31, 2008. The terms of the bonds are as follows:

<u>Bond Description</u>	<u>Par Amount</u>	<u>Final Maturity</u>	<u>Average Coupon</u>
2006A tax-exempt term bond 2026	\$ 2,515,000	1/15/2026	6.50%
2006A tax-exempt term bond 2036	4,030,000	1/15/2036	6.63%
2006B taxable term bond	165,000	1/15/2010	7.55%
	<u>\$ 6,710,000</u>		

Interest on the bonds is paid semi-annually on January 15 and July 15. Interest expense related to the bonds for the year ended December 31, 2008 and 2007 was \$442,997 and \$444,808, respectively.

The total amount of accrued interest payable as of December 31, 2008 is \$203,406.

ATCF is required by the terms of the bond indenture to make periodic deposits into the Bond Fund that will be sufficient to pay, when due on each principal and interest payment date, the principal and interest on the bonds.

Scheduled bond principal and interest payments for the next five years and beyond are as follows:

<u>Year</u>	<u>Interest</u>	<u>Principal, Due Jan 15</u>	<u>Total</u>
2009	\$ 437,132	80,000	517,132
2010	430,418	90,000	520,418
2011	424,220	95,000	519,220
2012	417,733	100,000	517,733
2013	410,922	105,000	515,922
Remaining years	<u>5,954,010</u>	<u>6,240,000</u>	<u>12,194,010</u>
	<u>\$ 8,074,435</u>	<u>6,710,000</u>	<u>14,784,435</u>
Less current payable		<u>80,000</u>	
Non-current payable		<u>\$ 6,630,000</u>	

NOTE 8 – CONCENTRATION OF CREDIT RISK

ATCF maintains its cash balances in one financial institution located in Santa Fe, New Mexico. The cash balances are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At December 31, 2008, ATCF's cash balances were fully insured.

ATCF maintains its bond-related funds in trust accounts with the Bank of Albuquerque. The amounts in these accounts are protected by the Securities Investors Protection Corporation (SIPC), a non-government entity, up to \$500,000 for each account. The total unprotected amount on account as of December 31, 2008 was \$29,753.

**ATC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 9 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2008, ATCF received \$549,234 in lease payments from the Academy of Technology and the Classics, a related party. ATCF owns a building that has been leased under the terms of an operating lease to ATC for the operation of the charter school. The cost of the building and related land under operating leases was \$6,293,133 and \$6,278,217 at December 31, 2008 and 2007, respectively, and comprises all of the reported building, land and land improvements reported in the accompanying statement of financial position. Accumulated depreciation on property under operating leases was \$194,579 and \$48,510 at December 31, 2008 and 2007, respectively. The lease term is for one year with an option to renew the lease for an additional year for each of the next 28 years. Future rentals receivable under the current term ending June 30, 2009 total \$263,110.

Hinkle & Landers, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

Management and Board of Directors
ATC Foundation and
Mr. Hector Balderas
New Mexico State Auditor

We have audited the financial statements of the Academy of Technology and the Classics Foundation (ATCF), a component unit of the Santa Fe Public Schools (SFPS), as of and for the year ended December 31, 2008, and have issued our report thereon dated January 13, 2010. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered ATCF'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 our opinion on the effectiveness of ATCF's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ATCF's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

**ATC FOUNDATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ATCF'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs and responses as item 08-01.

ATCF's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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 the Board of Directors of ATCF, management, and the New Mexico State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Hinkle & Landers, P.C.

Hinkle & Landers, P.C.
January 13, 2010

**ATC FOUNDATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

PRIOR YEAR FINDINGS

STATUS

06-01 Preparation of Bank Reconciliations	Resolved
06-04 Chart of Accounts	Resolved

CURRENT YEAR FINDINGS

08-01 AUDIT NOT SUBMITTED TIMELY TO STATE AUDITOR	Current
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08-01 – AUDIT NOT SUBMITTED TIMELY TO STATE AUDITOR

Statement of Condition:

The ATCF submitted their audit report to the State Auditor after November 15, 2009. The audit was originally completed and issued in June 2009. At that time, the ATCF board of directors was not aware that the Foundation was considered a component unit of the Santa Fe Public Schools under GASB 39, and thus required to submit its audit to the New Mexico State Auditor. As a seemingly stand-alone not-for-profit organization reporting under FASB guidelines, the potential implications of any GASB pronouncements were not considered to be a factor.

The ATCF submitted the audit report to the State Auditor on January 13, 2010 via the US mail. The report was received by the Office of the State Auditor on January 15, 2010.

Criteria:

2.2.2.9A NMAC (State Auditor Rule) outlines due dates for state government audit reports. The final due date for school districts is November 15.

Effect:

ATCF is not in compliance with state statute.

Cause:

The ATCF board of directors was not aware that under GASB rules it was considered a component unit of the Santa Fe Public Schools and thereby required to follow the State Auditor Rule

Recommendation:

We recommend that future audits be submitted to the State Auditor's office in compliance with the State Audit Rule.

Managements Response:

The ATCF was not aware of the fact that it was considered a component unit of the Santa Fe Public Schools at the time of the FY08 audit. Now that it has been made aware of this, future audits will be submitted in accordance with State Auditor guidelines.

**ATC FOUNDATION
EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2008**

An exit conference was held on June 29, 2009, with the following in attendance:

For the Academy of Technology and the Classics Foundation:

Janet Sones
Steve Rogers

Treasurer, Board of Directors
Secretary, Board of Directors

For Hinkle & Landers, PC:

Farley Vener, CPA CFE
Erick Robinson, CPA

Partner
Audit Manager

PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements of ATCF have been prepared by Hinkle & Landers, P.C., the Foundation's independent public auditors, however, the financial statements are the responsibility of management.