



**Albuquerque Community Foundation and  
Subsidiaries**

**REQUIRED COMMUNICATIONS**

December 31, 2022

draft 8.15.2023



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August 17, 2023

To the Board of Trustees  
Albuquerque Community Foundation and Subsidiaries

We are pleased to present the results of our audit of the 2022 consolidated financial statements of Albuquerque Community Foundation and Subsidiaries (the "Foundation").

This report to the Board of Trustees and management summarizes our audit, the report issued and various analyses and observations related to the Foundation's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express an opinion on the Foundation's 2022 consolidated financial statements. We considered the Foundation's current and emerging business needs, along with an assessment of risks that could materially affect the consolidated financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you expect. We received the full support and assistance of the Foundation's personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the information and use of the Board of Trustees, management and others within the Foundation and should not be used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact us at 505-883-2727 or [rlemmon@cricpa.com](mailto:rlemmon@cricpa.com).

Very truly yours,

Robert Lemmon



As discussed with the Board of Trustees and management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the Foundation. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board of Trustees, 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, in order to express an opinion on the Foundation's consolidated financial statements for the year ended December 31, 2022;
- 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*; and Uniform Guidance 2 CFR Part 200 in order to express an opinion on compliance with requirements applicable to the major federal program.
- Report on internal control over compliance with the types of compliance requirements described in Uniform Guidance 2 CFR Part 200 and the OMB Compliance Supplement.
- Communicate directly with the Board of Trustees and management regarding the results of our procedures;
- Address with the Board of Trustees and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Trustees and management; and
- Address other audit-related projects as they arise and upon request.



We have audited the consolidated financial statements of Albuquerque Community Foundation and Subsidiaries for the year ended December 31, 2022, and have issued our report thereon dated August 17, 2023. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Auditors' responsibility under Generally Accepted Auditing Standards and <i>Government Auditing Standards</i> and the Uniform Guidance</b></p>	<p>As stated in our engagement letter dated April 27, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>Supplementary information, including the schedule of expenditure of federal awards, accompanying the consolidated financial statements were subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, in accordance with auditing standards, generally accepted in the United States of America, and our auditors' report provides an opinion on it in relation to the consolidated financial statements as a whole.</p> <p>As part of our audit, we considered the internal control of the Foundation. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Client's responsibility</b></p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the consolidated financial statements of financial position, activities, functional expenses, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p> <p>Management is responsible for overseeing non-audit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.</p>
<p><b>Planned scope and timing of the audit</b></p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p><b>Management judgments and accounting estimates</b></p> <p><i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditors' conclusion regarding the reasonableness of those estimates.</i></p>	<p>Please see the following section titled "Accounting Policies, Judgments &amp; Sensitive Estimates &amp; CRI Comments on Quality."</p>
<p><b>Potential effect on the financial statements of any significant risks and exposures</b></p> <p><i>Major risks and exposures facing the Foundation and how they are disclosed.</i></p>	<p>No such risks or exposures were noted.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles</b></p> <ul style="list-style-type: none"> <li>• <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i></li> <li>• <i>The auditor should also discuss the auditors' judgment about the quality, not just the acceptability, of the Foundation's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statement, including disclosures.</i></li> <li>• <i>Critical accounting policies and practices applied by the Foundation in its financial statement and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i></li> </ul>	<p>Significant accounting policies are described in Note 2 to the financial statements.</p> <p>Effective January 1, 2022, the Foundation adopted the provisions of ASU 2016-02, Leases (Topic 842). This change in accounting principal did not have a material impact on the consolidated financial statements.</p> <p>No other changes in accounting policies or their application occurred during the current fiscal year.</p> <p>We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.</p> <p>Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the consolidated financial statements were: The disclosure of pooled investments, the disclosure of the endowment, and the fair value measurements.</p> <p>Further, the consolidated financial statement disclosures are neutral, consistent, and clear.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles (Continued)</b></p> <ul style="list-style-type: none"> <li>• <i>Alternative treatments within the cash basis of accounting for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i></li> </ul>	
<p><b>Significant difficulties encountered in the audit</b></p> <p><i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
<p><b>Disagreements with management</b></p> <p><i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	<p>We are pleased to report that no such disagreements arose during the course of our audit.</p>
<p><b>Other findings or issues</b></p> <p><i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>	<p>None noted.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Matters arising from the audit that were discussed with, or the subject of correspondence with, management</b></p> <p><i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	<p>None noted.</p>
<p><b>Corrected and uncorrected misstatements</b></p> <p><i>All significant audit adjustments arising from the audit, whether or not recorded by the Foundation, that could individually or in the aggregate have a significant effect on the financial statement. We should also inform the Board about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statement taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i></p>	<p>See "Summary of Audit Adjustments" section.</p>
<p><b>Major issues discussed with management prior to retention</b></p> <p><i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	<p>Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
<p><b>Consultations with other accountants</b></p> <p><i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	<p>To our knowledge, there were no such consultations with other accountants.</p>
<p><b>Written representations</b></p> <p><i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	<p>See "Management Representation Letter" section.</p>
<p><b>Internal control deficiencies</b></p> <p><i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</i></p>	<p>See "Internal Control Findings" section.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Fraud and illegal acts</b></p> <p><i>Fraud involving senior management or those responsible for internal controls, or causing a material misstatement of the financial statement, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving senior management and any other illegal acts, unless clearly inconsequential.</i></p>	<p>We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.</p>
<p><b>Other information in documents containing audited financial statements</b></p> <p><i>The external auditors' responsibility for information in a document containing the audited financial statement, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> <li>• Such information is materially inconsistent with the financial statements; and</li> <li>• We believe such information represents a material misstatement of fact.</li> </ul> <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited consolidated financial statements.</p>
<p><b>Significant unusual accounting transactions</b></p> <p><i>Auditor communication with governance to include auditors' views on policies and practices management used, as well as the auditors' understanding of the business purpose.</i></p>	<p>No significant unusual accounting transactions were noted during the year.</p>
<p><b>Supplementary Information in relation to the financial statements as a whole</b></p> <p><i>The auditors' responsibility for supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i></p>	<p>We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.</p>

## Accounting Policies, Judgments & Sensitive Estimates & CRI Comments on Quality



We are required to communicate our judgments about the quality, not just the acceptability, of the Foundation's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Board of Trustees may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

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Accounting Policies, Judgments & Sensitive Estimates  
& CRI Comments on Quality



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITORS' CONCLUSION ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Investments	The Organization follows the provisions of ASC 820, <i>Fair Value Measures</i> , when reporting investments.	X	<p>The Foundation relies on valuations from the custodian for the asset values.</p> <p>The allocation between levels 1-3 under ASC 820 is based on a detailed management review of the underlying investments.</p>	The Foundation's policies appear to be in accordance with all applicable accounting guidelines.
Beneficial interest in charitable remainder trust and value of charitable remainder trust liabilities	<p>The Organization follows the provisions of ASC 820, <i>Fair Value Measures</i>, when reporting beneficial interest in charitable remainder trust.</p> <p>A liability is recognized at inception of the trust at the present value of the estimated payments to beneficiaries over the trust term.</p>	X	<p>The Foundation relies on valuations from the custodian for the asset values.</p> <p>Present Value techniques are applied by the Foundation using rates obtained from IRS life expectancy tables.</p>	We evaluated the key factors and assumptions used to develop the fair value of investments held in charitable remainder trusts and present value techniques used for liabilities and determined that they are reasonable in relation to the consolidated financial statements taken as a whole.

Accounting Policies, Judgments & Sensitive Estimates  
& CRI Comments on Quality



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITORS' CONCLUSION ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Functional expenses	The Foundation allocates certain expenses to program and supporting services.	X	The Foundation allocates certain indirect expenses to program and supporting services based on applicable time records, square footage and other allocation methods as applicable.	The Foundation's policies appear to be in accordance with all applicable accounting guidelines.

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During the course of our audit, we accumulate differences between amounts recorded by the Foundation and amounts that we believe are required to be recorded under GAAP reporting guidelines. Those adjustments are either recorded (corrected) by the Foundation or passed (uncorrected). Uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in the auditors' judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

**RECORDED (CORRECTED) BY THE FOUNDATION**

During the performance of our audit, we noted balances that did not appear correct and we either proposed adjusting journal entries or had management go back and reconcile to the financial statements of the Foundation. Management has recorded the adjusting journal entries. The adjustments are summarized and described as follows:

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<b>Adjusting Journal Entries JE # 1</b>			
To roll beginning net assets			
51800	Office Expense	17,251.00	
31000	Net Assets-Permanent-Corpus		17,251.00
<b>Total</b>		<b>17,251.00</b>	<b>17,251.00</b>

<b>Adjusting Journal Entries JE # 2</b>			
To make a closing entry that was omitted and adjust a balance in a liability account. Suggested by the client.			
22350	Health Plan - FSA	686.00	
22351	Health Plan - Employee Insurance Contribution	9,897.00	
51350	Employee Benefits		10,583.00
<b>Total</b>		<b>10,583.00</b>	<b>10,583.00</b>

NMCT

<b>Adjusting Journal Entries JE # 1</b>			
To roll beginning net assets			
32000	Net Assets-Temporary-Earnings	16,910.00	
46000	Other Income		16,910.00
<b>Total</b>		<b>16,910.00</b>	<b>16,910.00</b>



ACFH

**Adjusting Journal Entries JE # 1**

To bring the installment AR balance to agree with the statements.

12775	Installment Accounts Receivable	3,800.00	
46000	Other Income		3,800.00
<b>Total</b>		<b>3,800.00</b>	<b>3,800.00</b>

**Adjusting Journal Entries JE # 2**

To roll beginning net assets

32000	Net Assets-Temporary-Earnings	341.00	
46000	Other Income		341.00
<b>Total</b>		<b>341.00</b>	<b>341.00</b>

The following entries were unrecorded (uncorrected) adjustments resulting from the audit of the consolidated financial statements of the Foundation as of December 31, 2022 and for the year then ended.

ACF

**Proposed Journal Entry # 1**

To adjust the fair market value of one investment as of year-end.

48000	Unrealized gains (losses)	214,028.00	
11520	Investment Pool		214,028.00
<b>Total</b>		<b>214,028.00</b>	<b>214,028.00</b>

**Proposed Journal Entry # 2**

To increase the value of donated land to its original value.

11800	Investments - Other	30,741.00	
48000	Unrealized gains (losses)		30,741.00
<b>Total</b>		<b>30,741.00</b>	<b>30,741.00</b>



## QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Foundation's operating environment that has been identified as playing a significant role in the Foundation's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.

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This representation letter is provided in connection with your audit of the consolidated financial statements of Albuquerque Community Foundation and Subsidiaries, collectively known as the Foundation, a nonprofit organization, which comprise the consolidated statement of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the disclosures (collectively, the “financial statements”), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of August 17, 2023, the following representations made to you during your audit.

#### **Consolidated Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 27, 2023, including our responsibility for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP.
- 2) The consolidated financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with GAAP.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the consolidated financial statements as a whole. A list of the uncorrected misstatements are at the bottom of this representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.



- 10) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Foundation is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

**Information Provided**

- 12) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the consolidated financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Foundation from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the consolidated financial statements.
- 14) We have disclosed to you the results of our assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the Foundation and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the consolidated financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Foundation's consolidated financial statements communicated by employees, former employees, grantors, regulators, or others.
- 17) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing consolidated financial statements.
- 18) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 19) We have disclosed to you the identities of all of the Foundation's related parties and all the related-party relationships and transactions, including any side agreements, of which we are aware.
- 20) The Foundation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.



- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 22) We are responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to us.
- 23) Albuquerque Community Foundation and New Mexico Community Trust (NMCT) are both exempt organizations under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Foundation or NMCT's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 24) ACF Holdings, LLC and Historic Champion Grocery Building, LLC are disregarded entities for tax purposes; therefore, no provision for income taxes are provided for in the consolidated financial statements.
- 25) The methods and significant assumptions used to determine fair values of financial instruments are as follows:
  - Beneficial interest in charitable remainder trusts are valued using the closing price reported in the active market on which the individual securities are traded as reported by the account managers.
  - Equities, fixed income, and real assets are valued using the closing price reported in the active market on which the individual securities are traded.
  - Land is valued using significant unobservable inputs of third-party appraisals.
  - Alternative investments in multi-strategy funds, real assets, private equity funds, and fixed income funds are valued using net asset value (NAV) as a practical expedient.

The methods and significant assumptions used result in a measure of fair value appropriate for consolidated financial statement measurement and disclosure purposes.

- 26) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances, that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 28) We acknowledge our responsibility for presenting the Schedule of Expenditures of Federal Awards in accordance with U.S. GAAP, and we believe the Schedule of Expenditures of Federal Awards, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the Schedule of Expenditures of Federal Awards have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.



- 29) The Foundation reports its expenses according to four functional classifications: Distributions and Grants, which includes the direct costs of providing benefits and services to the nonprofit community; Community Outreach; General and Administrative; and Fundraising and Development. Common costs are allocated among the classifications on the basis of estimates of time and effort applied to the various operational areas within the Foundation. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage. The Foundation believes their functional expenses accurately reflects these methods and classifications.
- 30) All receivables, including notes receivable, at year end are collectible and the Foundation believes no allowance for doubtful accounts is required.
- 31) The Board and management have reviewed the Foundation's endowment and believe that the majority of net assets are endowed under the requirements of UMPIFA. Disclosures around net assets included in the endowment and current year changes in endowed net assets are complete and accurate.
- 32) The Foundation's net assets are properly disclosed and fairly stated. This includes categorization of net assets with donor restrictions, without restrictions, endowed net assets, and board designations as well as type of restrictions and release of donor restrictions.
- 33) The Foundation holds assets held for other community organizations. Funds are properly included in this grouping and fairly stated.
- 34) The Foundation's revenue from contracts with customers are recognized over time for management fees, advisory fees, and accounting services as the service is provided. New fund and corporate philanthropy fees are charged at a point in time, when the services are rendered.
- 35) The Historic Champion building and land is stated at Fair Value on the date of donation and is not depreciated. The Foundation believes this treatment is accurate for the historic building and there is no impairment to fair value.
- 36) The Foundation uses present value techniques to estimate the liability for charitable remainder trusts using IRS mortality tables and discount rates. The methods and significant assumptions used result in an estimate appropriate for consolidated financial statement measurement and disclosure purposes.
- 37) The Foundation and all subsidiary entities books and records are complete. All transaction have been captured. Eliminations between companies have been recorded.
- 38) With respect to federal award programs:
- a) We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*



(Uniform Guidance), including requirements relating to the preparation of the schedule of expenditures of federal awards.

- b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. We have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- d) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- e) We are responsible for establishing, designing, implementing and maintaining, and have established, designed, implemented and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- f) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- g) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- h) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including, when applicable, those set forth in the OMB Compliance Supplement, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- i) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.



- j) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- l) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- m) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- n) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period. No events, including instances of noncompliance with direct and material compliance requirements, have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
- o) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- p) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditors' report.
- q) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- r) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s) We have charged costs to federal awards in accordance with applicable cost principles.
- t) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.



- u) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
  - v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- 39) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 40) As part of your audit, you assisted with preparation of the financial statements and related notes, the preparation of federal and state information returns and the preparation of the Data Collection Form. We acknowledge our responsibility as it relates to those nonaudit services and any other non-attest services provided by you, including that we assume all management responsibilities; oversee the services by designating an individual, Nick Williams, Chief Financial Officer, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for the financial statements, the related notes, the schedule of expenditures of federal awards, the Data Collection Form, the federal and state information returns, and any other non-attest services provided by you.

<b>Proposed Journal Entry # 1 – ACF</b>			
To adjust the fair market value of one investment as of year-end.			
48000	Unrealized gains	214,028.00	
11520	Investment Pool		214,028.00
<b>Total</b>		<b>214,028.00</b>	<b>214,028.00</b>
<b>Proposed Journal Entry # 2 - ACF</b>			
To increase the value of donated land to its original value.			
11800	Investments - Other	30,741.00	
48000	Unrealized losses		30,741.00
<b>Total</b>		<b>30,741.00</b>	<b>30,741.00</b>



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To the Board of Trustees  
Albuquerque Community Foundation and Subsidiaries

In planning and performing our audit of the consolidated financial statements of Albuquerque Community Foundation and Subsidiaries (the "Foundation") as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Foundation'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. We did not identify any deficiencies in internal control that we consider to be a deficiency or a material weaknesses.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

This communication is intended solely for the information and use of management and the Board of Trustees, and others within the Foundation, and is not intended to be, and should not be, used by anyone other than these specified parties.

Albuquerque, New Mexico  
August 17, 2023

The following legend should be used in conjunction with reviewing the “Rating” of each of the identified internal control items:

<b>IP =</b> <b>Improvement Point</b>	<b>CD =</b> <b>Control Deficiency</b>	<b>SD =</b> <b>Significant Deficiency</b>	<b>MW =</b> <b>Material Weakness</b>
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<b>ITEM</b>	<b>RATING</b>	<b>AREA</b>	<b>ITEM NOTED</b>	<b>SUGGESTION</b>
1	IP	Cash	During test work performed over cash we noted approximately \$12,000 in stale reconciling items.	Management should review reconciling items monthly to ensure items are re-submitted or re-issued if necessary or ultimately written off. Some of these may need to be escheated to the State of New Mexico.
2	IP	Net Assets	During our audit procedures over net assets, we noted that preliminary net assets did not roll from prior year in the combined amount of \$34,502.	Management should review net assets on financial statements and implement procedures so that prior year numbers do not change.