



Albuquerque Community Foundation and Subsidiaries

REQUIRED COMMUNICATIONS

December 31, 2021



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September 20, 2022

To the Board of Trustees
Albuquerque Community Foundation and Subsidiaries

We are pleased to present the results of our audit of the 2021 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 2021 consolidated financial statements. We considered the Foundation's current and emerging business needs, along with an assessment of risks that could materially affect the 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.

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 Corrine.clarkson@cricpa.com

Very truly yours,

CARR, RIGGS & INGRAM, LLC
Albuquerque, New Mexico



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, in order to express an opinion on the Foundation's consolidated financial statements for the year ended December 31, 2021;
- 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 financial statements of Albuquerque Community Foundation and Subsidiaries (the Foundation) for the year ended December 31, 2021, and have issued our report thereon dated **September 20, 2022**. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Auditors' responsibility under Generally Accepted Auditing Standards</p>	<p>As stated in our engagement letter dated May 13, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the 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>As part of our audit, we considered the internal control of the Company. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>
<p>Client's responsibility</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 nonaudit 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>Planned scope and timing of the audit</p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Management judgments and accounting estimates</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 & Sensitive Estimates & CRI Comments on Quality."</p>
<p>Potential effect on the financial statements of any significant risks and exposures</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>
<p>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</p> <ul style="list-style-type: none"> • <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> • <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> • <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> 	<p>Significant accounting policies are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the 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 in Note 5 to the financial statements, the disclosure of endowment in Note 9 to the financial statements and Note 11, fair value measurements.</p> <p>The consolidated financial statement disclosures are neutral, consistent, and clear.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>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)</p> <ul style="list-style-type: none"> • <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> 	
<p>Significant difficulties encountered in the audit</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>Disagreements with management</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>Other findings or issues</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>Matters arising from the audit that were discussed with, or the subject of correspondence with, management</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>Corrected and uncorrected misstatements</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>Major issues discussed with management prior to retention</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>Consultations with other accountants</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>Written representations</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>Internal control deficiencies</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>Fraud and illegal acts</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>Other information in documents containing audited financial statements</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> <p>Such information is materially inconsistent with the financial statements; and</p> <p>We believe such information represents a material misstatement of fact.</p> <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>
<p>Significant unusual accounting transactions</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>Supplementary Information in relation to the financial statements as a whole</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>None</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.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITORS' CONCLUSION ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Fair Value Measurements for Investments	The Organization follows the provisions of ASC 820, <i>Fair Value Measures</i> , when reporting investments.	X	The Foundation relies on valuations from the custodian for the asset values. The allocation between levels 1-3 under ASC 820 is based on a detailed management review of the underlying investments.	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	The Organization follows the provisions of ASC 820, <i>Fair Value Measures</i> , when reporting beneficial interest in charitable remainder trust. A liability is recognized at inception of the trust at the present value of the estimated payments to beneficiaries over the trust term.	X	The Foundation relies on valuations from the custodian for the asset values. Present Value techniques are applied by the Foundation using rates obtained from IRS life expectancy tables.	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 financial statements taken as a whole.

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



Depreciation of property and equipment	The Foundation depreciates property and equipment using the straight-line method		The Foundation depreciates property and equipment over their estimated useful lives which are based on the experience with similar assets and guidance provided by ASC 360.	The Foundation's policies appear to be in accordance with all applicable accounting guidelines.
Functional expenses	The Foundation allocates certain expenses to program and supporting services.		The Foundation allocates certain indirect expenses to programs 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.



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 COMPANY

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:

Adjusting Journal Entries		
Adjusting Journal Entries JE # 1		
CAJEs PBC to roll net assets and reclass to correct fiscal sponsorship		
41000	Contributions	16,000.00
41401	Contributions-Interfund-Avail GGG 1	18,349.00
48000	Unrealized gains (losses)	23,330.00
51800	Office Expense	5,964.00
35000	Agency Fund Equity	23,330.00
41000	Contributions	18,349.00
50200	Management Fees	250.00
50300	Fiscal Sponsorship Expenses	21,714.00
Total		63,643.00

Adjusting Journal Entries JE # 4		
CAJE PBC to correct AP at year end		
11100	Cash - Checking	381,169.00
21250	Internal Grants Payable	118,405.00
51325	DR - General	874.00
51461	M/C - General	4,369.00
21000	Accounts payable	504,817.00
Total		504,817.00

Adjusting Journal Entries JE # 5		
reclass AR at year end incorrectly recorded as undeposited funds		
12250	A/R	1,044,851.00
11103	Undeposited Checks/Cash	1,044,851.00
Total		1,044,851.00

Adjusting Journal Entries JE # 6		
To adjust Quantum to confirmed balance		
11520	Investment Pool	193,060.00
48000	Unrealized gains (losses)	193,060.00
Total		193,060.00

Summary of Audit Adjustments



Adjusting Journal Entries JE # 8

CAJE PBC to adjust AR at year end - trivial adjustment to write off stale AR (CAJE 8 and 10 PBC)

41000	Contributions	10,914.00	
41000	Contributions	58,667.00	
12250	A/R		10,914.00
16200	Fees Receivable		58,667.00
Total		<u>69,581.00</u>	<u>69,581.00</u>

Adjusting Journal Entries JE # 9

Audit AJE to accrue payable at Year end related to CRUT payable due at year end (Client CAJE 15)

51000	Grant Distribution	85,393.00	
21200	Grants Payable		85,393.00
Total		<u>85,393.00</u>	<u>85,393.00</u>

For New Mexico Community Trust

Adjusting Journal Entries

Adjusting Journal Entries JE # 1

CAJE 8.5 PBC to write off double entered receivables for the year

41600	NMCT	16,910.00	
12250	AR		16,910.00
Total		<u>16,910.00</u>	<u>16,910.00</u>

For ACF Holding

Adjusting Journal Entries

Adjusting Journal Entries JE # 1

CAJE 16 and 17 PBC - to adjust Notes Receivable at year end

41000	Contributions	3,814.00	
46000	Other Income	11,148.00	
12775	Installment Accounts Receivable		4,103.00
12775	Installment Accounts Receivable		2,188.00
45000	Interest/Dividend Income		6,962.00
47000	Realized gains (losses)		83.00
47000	Realized gains (losses)		1,626.00
Total		<u>14,962.00</u>	<u>14,962.00</u>



The following entries were passed on **unrecorded (uncorrected) adjustments resulting from the audit** of the financial statements of the Company as of December 31, 2021 and for the year then ended.

None noted.

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.



Available upon request. CRI will insert final signed letter when received.



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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, 2021, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 consider the deficiencies in internal control listed on the following pages to be significant deficiencies.

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.

Carr, Riggs & Ingram, L.L.C.

Albuquerque, New Mexico
September 20, 2022

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

IP = Improvement Point	CD = Control Deficiency	SD = Significant Deficiency	MW = Material Weakness
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ITEM	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
1	SD	Cash/ Receivables	During testwork over cash and receivables, we noted that \$1,044,851 of contributions receivables at year end were incorrectly posted as undeposited cash.	Management should review undeposited items and record receivables for contributions not yet received.	Management is redoing accrual review at year-end as these items should have been accrued for instead of recorded as undeposited cash.
2	SD	Net Assets	During our audit procedures over net assets, we noted that preliminary net assets did not roll from prior year in the amount of \$23,330	Management should review net assets on financial statements and implement procedures so that prior year numbers do not change.	Management incorrectly recorded an audit adjustment from 2020, resulting in this difference.



ITEM	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
3	SD	Outstanding checks in bank, Accounts Payable, Grants Payable	Beginning accounts payable was negative. Audit procedures revealed that the Foundation inadvertently created vouchers for grant distributions at year end that were not actually paid until 2022. As a result, nonexistent checks were posted to the ledger and included in bank reconciliation. Accounts payable understated by \$504,817, erroneous outstanding checks in the amount of \$381,069, and grants payable overstated by \$118,505.	Management should reconcile underlying aging reports to financial statements and review account balances and bank reconciliations for unusual items. Dates of vouchers should be reviewed for accuracy.	Management is redoing accrual review at year-end. There was a misunderstanding of how these entries were automatically calculated in the accounting software which was not caught by management. This is being corrected moving forward.
4	SD	Receivables	Items included in AR and Fees receivable were already received during the year. \$27,824 in A/R and \$58,667 in (interfund) fees receivable and related revenue was adjusted.	Management should review accounts receivable and update internal processes to ensure that when receivables are received, they are not recorded as new revenue.	Management is redoing accrual review at year-end.
5	SD	Investments	The valuation for investment Quantum did not match actual value at year end.	Valuations at year end should be reviewed and the underlying support reviewed to ensure the timeliness of information being relied upon.	Quantum valuation was not available when YE entries were prepared. This is an ongoing timing issue for the Foundation.



ITEM	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
6	SD	Charitable remainder trust	The Foundation received a distribution from a CRUT near year end. The agreement stated that 50% of the distribution should be paid to other organizations. This was paid by the Foundation in 2022 but was not accrued as a grant payable at year-end.	Distributions from CRUTS are not common, but management should ensure agreements are followed in the year of the distribution.	Management is redoing accrual review at year-end.