

February 18, 2018

Dear Mr. Honegger and members of the Academy Board,

Thank you for your letter of February 11. We appreciate your efforts to address some of the many issues which have become matters of concern for the community. We'd like to ask for further clarification on one point you made: your statement that "I can assure you that he [Mr. Watson] was given no raise in years when faculty and staff did not receive any raises."

We are still puzzled by this statement, because we don't understand how it can be true. Please help us to understand.

Mr. Watson's salary data for the two-year period in question are below. We have confirmed that they are correct as reported in the IRS Form 990s (screenshots in the attachment to this email). **Note that these figures consist only of base compensation and bonuses / incentives, and do not include benefits or retirement.**

2008/09	2009/10	2010/11	2-Year Increase
\$312,624	\$338,425	\$350,526	\$37,902 (12%)

You say in your letter, "... the assertion that [Mr. Watson] was given raises during years where teachers received none [...] is false and is instead an artifact of reporting changes, payday schedules, and, in one case, what we believe is an incorrectly entered figure on one of our annual 990s." This raises three immediate questions:

First, we have examined the IRS records, and we are aware of no "reporting changes" that would take an actual flat salary over this two-year period and produce the increasing sequence of salaries reported on the Academy's 990s. Will you kindly point us to the IRS "reporting changes" you refer to?

Second, we know of no "payday schedules" that would distort an actual flat salary and produce the increasing sequence of salaries on the 990s. Since Academy employees are paid biweekly, a shift in payday schedule would at most move two weeks' salary from one year to the next. It could not produce the sequence of salaries reported in the annual 990s.

Third, you say that "in one case... what we believe is an incorrectly entered figure on one of our annual 990s" caused the problem. Will you kindly tell us which figure that is? We assume that the Academy's accounting department is preparing an amended Form 990 for the incorrectly reported year. Will you let us know when that amended Form 990 has been sent to the IRS and then make it available to the Academy community for examination?

Trust lies at the heart of a healthy community. We therefore believe that nothing is more important than full transparency regarding Mr. Watson's compensation for the two years during which he asked Academy employees to take a salary freeze.

Thank you again for your letter of February 11, and we look forward to hearing from you.

The Concerned Parents, Employees and Alumni of Albuquerque Academy