

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND**

FINANCIAL STATEMENTS

JUNE 30, 2011

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COMMISSION FOR THE BLIND**

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**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND**

Official Roster

June 30, 2011

COMMISSIONERS

Arthur A. Schreiber	Chairman
Helen Savoie	Commissioner
Dallas Allen	Commissioner

ADMINISTRATIVE OFFICIALS

Greg Trapp	Executive Director
Michael Stanton aka Kelsang Jorlam	Chief Financial Officer
James Salas	Deputy Director, Vocational Rehabilitation
Virginia Murphy	Deputy Director, Independent Living
Sandy Sandoval	Deputy Director, Administration and Business Enterprise
Adelmo Vigil	Acting Deputy Director, Adult Orientation Center

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND**

Department Information

June 30, 2011

PROGRAMS AND ORGANIZATIONAL STRUCTURE

This section provides brief descriptions of the programs administered by the Commission and their funding sources; and brief descriptions of the duties and responsibilities of the Commission's organization units. The Commission's organizational chart is provided below as well.

Programs

Commission programs are focused on encouraging and enabling blind residents of New Mexico to achieve vocational, economic and social equality; and fully support the Commission's goal of assisting blind persons to become self-supporting and participating members of society. The Commission provides career training, training in the skills of blindness and above all, promotes and conveys the belief that blindness is not a barrier to employment or any other aspect of a full, meaningful life.

The Commission provides vocational rehabilitation services designed to enable blind persons to become employed. For example, the Commission helps young persons who are in the process of transitioning directly from the school setting to work, or more frequently to college for additional education.

The Commission provides services designed to enable blind persons to become employed, or to retain employment if they are already employed. These include many newly blinded persons who do not have Braille or mobility skills. Consumers of Commission's vocational rehabilitation services must often obtain undergraduate and graduate degrees to become employed, requiring many years of vocational rehabilitation service. Commission consumers must usually also receive assistive technology services that enable access to common computer applications that are required in the work setting.

The Commission works to enhance the transition services for blind children and young adults through a Memorandum of Understanding with the Public Education Department, and with the New Mexico School for the Blind and Visually Impaired.

The Commission provides independent living services which help blind persons to live in their own homes and communities. Most of these persons are newly blind and over 55 years of age (older blind).

The Commission serves populations which can be placed into the following two basic groups:

- Young people 14 to 21 who are receiving vocational rehabilitation services and transitioning from school, or adults who are receiving vocational rehabilitation services and who have an employment goal
- Persons who have an independent living goal and who are receiving independent living or older blind services.

Following are brief descriptions of the Commission's programs and funding sources.

- ***Vocational Rehabilitation Services Program*** – The Program serves persons who are legally blind or who have a condition which will lead to legal blindness. It helps persons to become employed in ways that are appropriate to each individual's "strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice." The Commission ranks at or near the top in the nation for the quality of employment outcomes achieved by Commission consumers. According to the U.S. Department of Education, Rehabilitation Services Administration, Standards and Indicators data, New Mexico consistently ranks at or near the top in each of the primary indicators used to measure the performance of vocational rehabilitation programs across the country.

The following units fall under the Vocational Rehabilitation Services Program:

- **Assistive Technology Program** - **The use of assistive technology is a crucial factor** in the successful employment of persons who are blind. However, according to a 2000 study, only 24% of persons who are disabled own computers, compared to a national average of over 50%. This gap is the "digital divide." The Commission's Assistive Technology Program is helping to bridge this gap. It is often necessary for a blind person to receive extensive technology training since the person must learn the application, as well as the assistive technology that allows access to the application. The Commission's technology specialists provide screen readers, Braille displays, screen magnification programs, video magnifiers, and Braille note-takers. The assistive technology is intended to meet the individualized employment needs of consumers. Often only small changes are needed to make the blind person's job much easier and more competitive.
- **Adult Orientation Center** – The Center is located in Alamogordo and provides intensive training in the skills of blindness. As a residential program the Center is designed to equip blind persons with the skills needed to become employed. . Most of the Center's students are persons who are newly blinded. The Center training is built around the use of "sleep shades" to eliminate the desire to rely on inadequate or failing vision. During a typical six-month training period students receive intensive training in cane travel, Braille, assistive technology, home management, personnel management, and industrial arts. By learning effective non-visual techniques students gains self-confidence and learn how to function as successful blind persons. Once a student has learned the alternate techniques of blindness, he or she is able to exercise "informed choice" on when and how to use remaining vision.

- **Students in Transition to Employment Program (STEP)** - The Program provides blind students with a carefully monitored and quality work training experience. Blind students do not normally have an opportunity to engage in such employment, depriving them of the important training benefits of student employment. Students worked at a wide range of agencies and businesses; and participated in seminars and presentations from successful blind adult role models. Students also engaged in activities designed to complement the employment training experience and reinforce blindness skills; to build the student's self-confidence. Acquiring a positive attitude about blindness is essential for a blind person to achieve the ultimate goal of becoming successfully employed.

NEWSLINE - a telephone-based system that allows persons who are blind to access a variety of newspapers and publications. Using the buttons on a touch-tone telephone, the listener selects a category of the paper, such as local news, area events, obituaries or grocery ads. The listener can read a story, skip to the next story, raise the volume, or exit the category and choose another category or publication. The reading is done by approximately 100 trained volunteers. The statewide service is available free of charge, 24 hours a day, 365 days a year. NEWSLINE averages more than 10,000 calls a month.

The Commission also sponsors NFB-NEWSLINE, a program providing access to over 300 national newspapers and magazines. NFB-NEWSLINE is operated by the National Federation of the Blind and provides users access to newspapers such as *The New York Times*, the *Los Angeles Times*, the *Washington Post*, the *Chicago Tribune*, and *USA Today*; and Spanish newspaper such as *El Nuevo Herald* from Miami and *La Opinion* from Los Angeles.

- **Business Enterprise Program (BEP)** - The Program provides employment opportunities for blind individuals who wish to operate food service facilities. The BEP has food establishments from small stands, to vending routes, to a full military cafeteria at Kirtland Air Force Base in Albuquerque and the Federal Law Enforcement Training Center in Artesia.
- **Emergency Eye Care Program** - The Program seeks to prevent blindness and restore vision through medical intervention. The Program provides emergency eye surgery to qualifying New Mexico residents who lack the resources to cover the cost of a medical eye emergency. Covered procedures include emergency eye care problems that, if not expeditiously attended to, could result in irreversible vision loss or structural damage to the eye. The majority of procedures provided are laser treatments, retinal reattachments, and treatments for acute eye trauma. The Program enables patients to receive a continuity of care with an ophthalmologist of his or her own choosing. This Program is the only means by which many persons can obtain eye treatment. The Program's goal is to return those served to their previous activities and prevent the need for expensive rehabilitative services.

- **Holloman Air Force Base Switchboard Operations** – The Commission operates the switchboard at Holloman Air Force Base. The switchboard operation employs approximately ten people of which a majority is blind. The operators route incoming calls for the entire Base. The switchboard operation receives excellent ratings on the quality of customer service that is provided.
- **Independent Living/Older Blind (IL/OB) Program** – The Program enables blind persons to live independently in their homes and communities. To accomplish this, direct services are provided with most persons being served in the home. The Program includes eight Independent Living teachers and a deputy director who manages the Program. They serve the entire state reaching out to underserved populations in rural areas. They provide training and guidance to encourage consumers to assume active and productive lives. The instruction includes training in Braille, how to travel using a white cane, how to use public transportation, and personnel and home management skills. This latter area can include instruction in meal preparation, diabetes management using non-visual or low-vision techniques, identification of money, telling time, the use of NEWSLINE and the State Talking Book Library. The training also includes provision of basic assistive technology devices such as white canes, Braille writing equipment, talking calculators, and Braille or talking watches.

The chart below lists the number of persons served by each program or service; explanations of the programs are in the pages following.

Blind New Mexicans Served	
Fiscal Year 2010-2011	
Vocational Rehabilitation Program	443
Adult Orientation Center	11
Students in Transition to Employment Program	54
Assistive Technology Service	1,754
Business Enterprise Program	33
Independent Living/Older Blind Program	533
Emergency Eye Care Program	42

ORGANIZATIONAL STRUCTURE

The Commission is an independent state commission with a three member board. The Commission’s Executive Director reports directly to the Board and is responsible for all operations of the Commission. All Commission staff report either directly or indirectly to the Executive Director. The Commission consists of the following primary organizational units:

- **Budget and Finance** – The Unit is responsible for centralized agency accounting, budgeting, financial reporting, and grant financial compliance services. Duties include accounts payable and receivable services, travel reimbursement, fund management, budget development and monitoring, financial analysis, financial reporting, audit coordination, and ensuring compliance with state and federal financial requirements.

- **Administrative Services** – The Unit provides services in support of all Commission programs and administers the Business Enterprise Program. Support services provided by the Unit include human resources including payroll and timekeeping, information technology, contract monitoring, maintaining property records, providing mailroom services, and providing other general support services that are required for the effective delivery of Commission services.
- **Vocational Rehabilitation** – The Unit is responsible for administering and monitoring services provided through the Vocational Rehabilitation Services Program. Units under this program include the Adult Orientation Center, the Assistive Technology Program, BEP, NEWSLINE, and the Students in Transition to Employment Program (STEP). In addition, the VR Program supervises the staff of the Independent Living program that is providing vocational rehabilitation services to Commission consumer.
- **Independent Living Services** – The Unit is responsible for administering and monitoring services provided to Independent Living/Older Blind consumers. The Unit is also responsible for the Holloman Air Force Base Switchboard Operations. In addition to programs services, the Unit's Deputy Director is responsible for the management and operation of the Commission's facilities in Albuquerque, New Mexico.

ORGANIZATION CHART

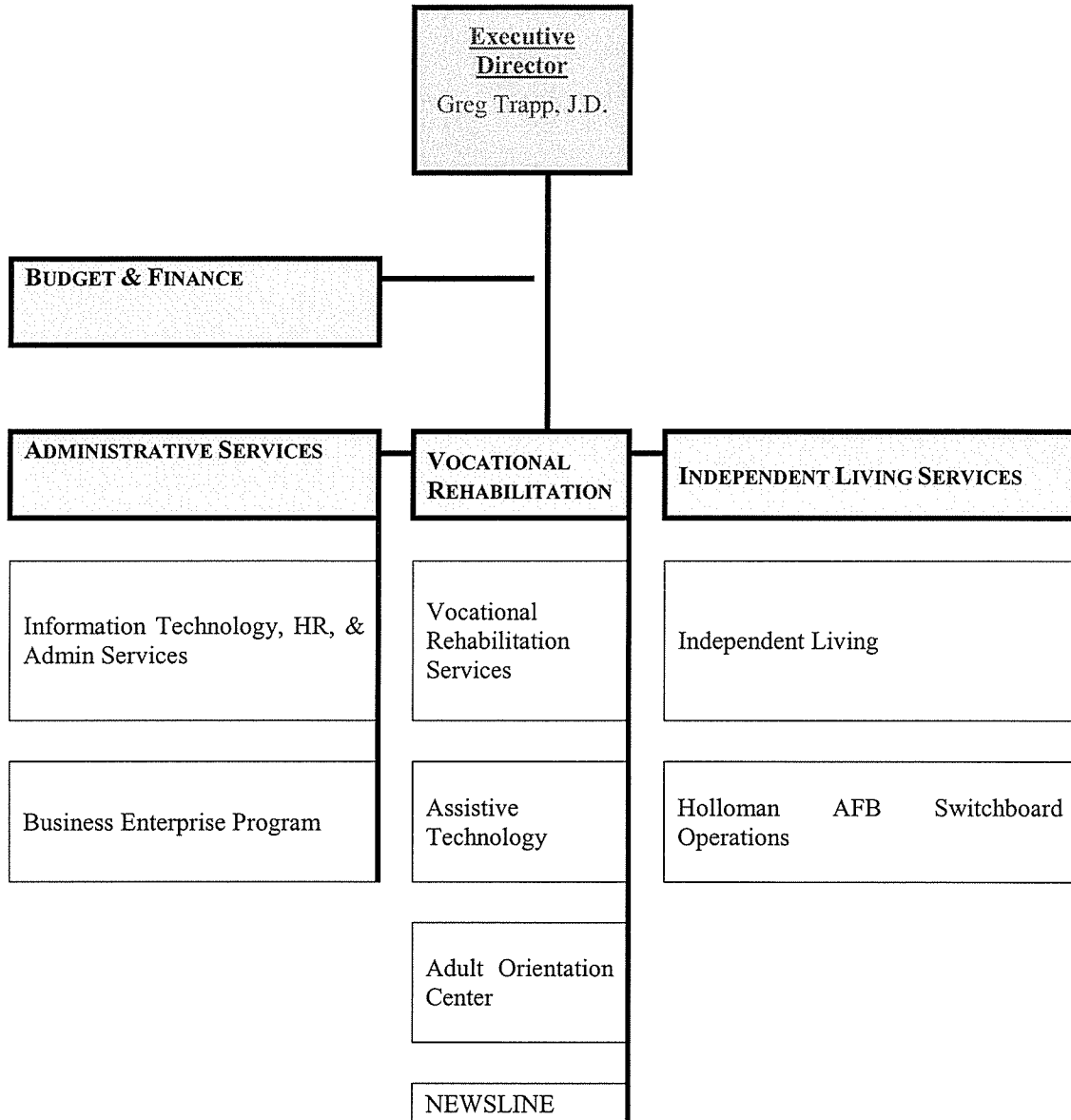
Governor Susana Martinez

Commissioners

Arthur A. Schreiber, Chairman

Helen Savoie

Dallas Allen



**STATEWIDE OFFICE LOCATIONS
NEW MEXICO COMMISSION FOR THE BLIND**

Administrative Office
2905 Rodeo Park East, Building 4, Suite 100
Santa Fe, NM 87505 ♦ Phone: 505-476-4479
Toll-Free: 888-513-7968

Albuquerque Field Office & Employment Development Center
2200 Yale Blvd. SE
Albuquerque, NM 87106 ♦ Phone: 505-841-8844
Toll-Free: 888-513-7958

Alamogordo Orientation Center
408 North White Sands Blvd.
Alamogordo, NM 88310 ♦ Phone: 505-437-0401
Toll-Free: 888-513-7967

Roswell Field Office
United Bank Plaza
400 North Pennsylvania, Suite 900
Roswell, NM 88201 ♦ Phone: 505-624-6140
Toll-Free: 888-513-7961

Las Cruces Field Office
First Community Bank Bldg.
277 East Amador, Suite 101
Las Cruces, NM 88001 ♦ Phone: 505-524-6450
Toll-Free: 888-513-7960

Las Vegas Field Office
2505 Ridge Runner Road
Las Vegas, NM 88001 ♦ Phone: 505-425-3546
Toll-Free: 888-513-7963

Farmington Field Office
3535 East 30th, Suite 100
Farmington, NM 87402 ♦ Phone: 505-327-3031
Toll-Free: 888-513-7964

Report of Independent Auditors

Board of Commissioners
New Mexico Commission for the Blind
and
Mr. Hector H. Balderas,
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and special revenue fund of the New Mexico Commission for the Blind (Commission), as of and for the year ended June 30, 2011, which collectively comprise the Commission's basic financial statements as listed in the table of contents. We have also audited the Commission's proprietary fund budgetary comparison presented as supplementary information for the year ended June 30, 2011 as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 Commission'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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the financial statements of the Commission are intended to present the financial position and changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business type activities, each major fund and aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the Commission. They do not purport to, and do not present fairly the financial position of the State of New Mexico as of June 30, 2011, and the changes in its financial position or where applicable, its cash flows or budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, business-type activities, and the aggregate remaining fund information of the Commission as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective

Board of Commissioners
New Mexico Commission for the Blind
and
Mr. Hector H. Balderas,
New Mexico State Auditor

budgetary comparisons for the general fund and special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the budgetary comparison for the proprietary funds for the year ended June 30, 2011 in conformity with accounting principles generally accepted in the United States of America.

As described in Note 14 to the financial statements, as of July 1, 2010, the Commission converted its fiduciary fund to a proprietary fund. The net cumulative effect of this change in fund type resulted in a \$225,804 change to the July 1, 2010 fund financial statements and Statement of Net Assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2011, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 11 through 19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Management's Discussion and Analysis. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the individual fund financial statements and budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Not-for-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the accompanying schedules listed as supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Mess Adams LLP

Albuquerque, New Mexico
December 7, 2011

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

MISSION STATEMENT

"Our mission is to enable persons who are blind to achieve vocational, economic and social equality by providing career preparation, training in the skills of blindness and above all, promoting and conveying the belief that blindness is not a barrier to successful employment, or to living an independent and meaningful life."

INTRODUCTION

The New Mexico Commission for the Blind is the designated state unit, as authorized by Title I of the Rehabilitation Act of 1973, as amended (29 U.S.C. 701-744), responsible for providing vocational rehabilitation and independent living services for persons who qualify for those services based on legal blindness or a qualifying visual impairment. The Commission encourages and enables blind and visually impaired citizens of New Mexico to achieve vocational, economic and social equality; and is committed to the goal of helping blind and visually impaired persons to become self-supporting and participating members of society. The Commission provides career training, training in the skills of blindness and above all, promotes and conveys the belief that blindness is not a barrier to employment or any other aspect of a full, meaningful life.

The Commission is governed by the rules and regulations of the Rehabilitation Services Administration (RSA) which is a branch of the United States Department of Education. In addition, the Commission is governed by various state statutes and regulations, including the Commission for the Blind Act which established the Commission and created a three-person board of directors appointed by the Governor.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Commission uses the provisions set forth in the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*.

Basis of Accounting and Measurement Focus

The two most important distinguishing features of governmental accounting and financial reporting are the basis of accounting and measurement focus used. Not all funds of a government use the same basis of accounting and measurement focus, further distinguishing and complicating governmental accounting and financial reporting. A simple rule of thumb is that the basis of accounting determines *when* transactions will be recorded and the measurement focus determines *what* transactions will be recorded.

- **Basis of Accounting**

Basis of accounting refers to when revenues, expenditures, expenses, and transfers (and the related assets and liabilities) are recognized and reported in the financial statements. Examples of accounting basis include cash, tax, accrual, and modified accrual. Essential, the basis of accounting deals with timing – when a transaction will be recorded. ***Government funds*** use the modified accrual basis of accounting. ***Proprietary funds*** use the accrual basis of accounting.

- **Measurement Focus**

Measurement focus determines what transactions will be reported in the various funds' operating statement. The difference in the measurement focus of governmental vs. proprietary is as follows:

- ***Government funds*** use a measurement focus known as the *flow of current financial resources*. This focus measures financial resources that are available to the entity in the near future as a result of transactions and events of the fiscal period reported. Therefore, long-term assets and liabilities will not be reflected on the balance sheets of governmental funds. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting.
- ***Proprietary funds*** use a measurement focus known as the *flow of current financial resources*. This measurement focus is generally the same as that used by commercial entities. Both long-term assets and liabilities are reported on the balance sheet of enterprise funds.

Government-Wide Financial Statements

Government-Wide Financial Statements consist of a statement of net assets and a statement of activities. These statements are prepared using the *flow of economic resources* focus and the modified accrual basis of accounting. These statements report all of the assets, liabilities, revenues, expenses, and gains and losses of the Commission. There are two types of activity reported in these statements: Governmental Activity and Business-Type Activity. Governmental activities are normally supported by taxes and intergovernmental revenues and business-type activities rely to a significant extent on user fees and charges for support. Fiduciary activities, whose resources are not available to finance the Commission's programs, are excluded from the government-wide statements.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011**

These statements are prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). GAAP refer to the standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as accounting standards. GAAP includes the standards, conventions, and rules accountants follow in recording and summarizing, and in the preparation of financial statements.

The statement of net assets presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Commission that are principally supported by inter-governmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements consist of a series of statements that focus on information about the Commission's major governmental and enterprise funds, including its blended component units. Fund financial statements also report information about the Commission's fiduciary funds and component units that are fiduciary in nature.

All of the funds of the Commission can be divided into two categories: governmental funds and proprietary funds.

◆ ***Governmental Funds***

Governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Commission's near-term financing requirements.

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Commission's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

◆ ***Proprietary Funds***

Proprietary fund financial statements use a measurement focus known as the *flow of current financial resources*. As stated above, this measurement focus is generally the same as that used by commercial entities. Both long-term assets and liabilities are reported on the balance sheet of enterprise funds are preparing using the economic resources measurement focus and the accrual basis of accounting.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition, the basic financial statements present a budgetary comparison schedule for the General Fund and Proprietary Fund to demonstrate compliance with the budget.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 June 30, 2011

Financial Analysis of the Commission as a Whole

The Commission's Net Assets for the fiscal year ending June 30 are as follows:

	Governmental Activities			Business-Type Activities			Total					
	2011	2010	% Change	2011	2010	% Change	2011	2010	% Change			
ASSETS:												
Current and other assets	318,590	790,563	(471,973)	-148.1%	909,288	54,258	855,030	94.0%	1,227,877	844,821	383,056	31.2%
Capital and non-current assets	832,207	1,147,004	(314,797)	-37.8%	54,913	54,772	141	0.3%	887,120	1,201,776	(314,656)	-35.5%
Total Assets	1,150,797	1,937,567	(786,770)	-68.4%	964,201	109,030	855,171	88.7%	2,114,997	2,046,597	68,400	3.2%
LIABILITIES:												
Current liabilities	614,919	1,183,693	(568,774)	-92.5%	730,604	149,776	580,828	79.5%	1,345,523	1,333,469	12,054	0.9%
Long-term liabilities	-	59,231	(59,231)	NA	-	4,952	(4,952)	NA	-	64,183	(64,183)	NA
Total Liabilities	614,919	1,242,924	(628,005)	-102.1%	730,604	154,728	575,876	78.8%	1,345,523	1,397,652	(52,129)	-3.9%
NET ASSETS:												
Invested in capilat assets net of related debt	832,207	1,147,004	(314,797)	-37.8%	54,913	54,772	141	0.3%	887,120	1,201,776	(314,656)	-35.5%
Unrestricted	(296,219)	(452,361)	156,142	-52.7%	178,683	(100,470)	279,153	156.2%	(117,536)	(552,831)	435,295	-370.4%
Total Net Assets	535,988	694,643	(158,655)	-29.6%	233,596	(45,698)	279,294	119.6%	769,584	648,945	120,639	15.7%
Total Liabilities and Net Assets	1,150,907	1,937,567	(786,660)	-68.4%	964,200	109,030	855,170	88.7%	2,115,107	2,046,597	68,510	3.2%

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 June 30, 2011

Financial Analysis of the Commission as a Whole

The Commission's Net Assets for the fiscal year ending June 30 are as follows:

	Governmental Activities			Business-Type Activities			Total					
	2011	2010	% Change	2011	2010	% Change	2011	2010	% Change			
	\$	\$		\$	\$		\$	\$				
PROGRAM REVENUE:												
Charges for service	-	-	NA	5,268,786	377,144	4,891,642	1297.0%	5,268,786	377,144	4,891,642	1297.0%	
Operating grants and contributions	4,356,583	5,335,737	(979,154)	-	-	-	NA	4,356,583	5,335,737	(979,154)	-18.4%	
Total Program Revenue	4,356,583	5,335,737	(979,154)	5,268,786	377,144	4,891,642	1297.0%	9,625,370	5,712,881	3,912,489	68.5%	
GENERAL REVENUE												
Miscellaneous Revenue	398,641	347,299	51,342	51,494	-	51,494	NA	450,135	347,299	102,836	29.6%	
Other financing sources	-	254,445	(254,445)	-	-	-	NA	-	254,445	(254,445)	-100.0%	
Non-operating gifts and grants	5,620	1,735	3,885	-	23	(23)	-100.0%	5,620	1,758	3,862	219.7%	
Transfers	1,931,369	1,955,800	(24,431)	13,634	111,900	(98,266)	-87.8%	1,945,003	2,067,700	(122,697)	-5.9%	
Reversions to State General Fund (Budget Reductions)	-	(53,400)	53,400	-	-	-	NA	-	(53,400)	53,400	-100.0%	
Total General Revenue	2,335,630	2,505,879	(170,249)	65,128	111,923	(46,795)	-41.8%	2,400,758	2,617,802	(217,044)	-8.3%	
Total Revenues	6,692,214	7,841,616	(1,149,402)	5,333,914	489,067	4,844,847	990.6%	12,026,128	8,330,683	3,695,445	44.4%	
EXPENSES												
Rehabilitation	6,751,399	6,435,545	315,854	-	427,337	(427,337)	-100.0%	6,751,399	6,862,882	(111,483)	-1.6%	
Contract Services	-	-	-	5,264,075	-	5,264,075	NA	-	-	-	N/	
Depreciation	99,470	99,439	31	16,349	9,389	6,960	74.1%	115,819	108,828	6,991	6.4%	
Loss on impairment of assets	-	-	-	-	76,384	-	0.0%	-	-	-	N/	
Total Expenses	6,850,869	6,534,984	315,885	5,280,424	513,110	4,843,698	944.0%	6,867,218	6,971,710	(104,492)	-1.5%	
INCREASE (DECREASE) IN NET ASSETS	(158,656)	1,306,632	(1,465,288)	53,490	(24,043)	77,533	-322.5%	(105,166)	1,282,589	(1,387,755)	-108.2%	
NET ASSETS, BEGINNING OF YEAR												
As previously reported	694,643	(871,786)	1,566,429	(45,698)	(101,621)	55,923	-55.0%	648,945	(973,407)	1,622,352	-166.7%	
As previously reported: Business Enterprise Program	-	-	-	225,804	-	225,804	NA	-	-	-	N/	
Adjustment to undistributed receipts and other account balances in prior year	-	259,797	(259,797)	-	79,966	(79,966)	-100.0%	-	-	339,763	(339,763)	-100.0%
NET ASSETS, BEGINNING OF YEAR, RESTATED	694,643	(611,989)	1,306,632	180,106	(21,655)	201,761	-931.7%	648,945	(633,644)	1,282,589	-202.4%	
NET ASSETS, END OF YEAR												
	535,987	694,643	(158,656)	233,596	(45,698)	279,294	-611.2%	769,583	648,945	120,638	18.6%	

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011**

SUMMARY OF CURRENT YEAR FINANCIAL ACTIVITIES

The Commission's overall activities resulted in an increase of net assets of \$120,638 or 18.6%. This increase contains the one-time event of reclassifying the Business Enterprise Program to properly reflect those activities as Business-Type, proprietary activities whereas these activities had previously been reflected in the financial statements as fiduciary funds held in trust. As these activities were not included in this analysis in the previous year, excluding this event, year-over-year comparison indicates an overall decrease in net assets of \$150,864 or 23.2%. Cash balance overdraft (excluding federal receivables) at year-end decreased significantly, however when considering year end federal receivables relating to CMIA effective cash balances are positive thus eliminating the cash balance deficit carried in previous year. The following explanation by individual funds is intended to help the user of these financial statements better understand the aforementioned changes.

- Governmental activities expenses increased by \$315,885 or 4.8%. These expenses include write-downs for fixed assets reconciled that are reflected in the Commission's Financial Statements but are not reflected on our trial balance per governmental accounting standards. Excluding these write-downs, the Commission's 2011 expenses decreased by \$352,381.47 or 5.2% from the previous year. A notable component of the overall decrease is a reduction of costs in the amount of \$163,596 relating to the multi-year building improvement project (roof project).

Governmental activities revenues decreased by \$1,149,402 or 14.7%. A majority portion of the overall decrease relates to a decrease in federal grant reimbursements. The decrease in federal grant reimbursement revenues was due to some specific factors such as the net decrease of expenditures thus reducing corresponding revenues, a greater allocation of expenditures (usually 21.3% for the VR BS grant) to the state share for Basic Support activities which further reduced federal grant reimbursements, and a FY 2010 non-recurring event for which \$205,420 of federal grant revenues that should have been recognized in FY 2009 were captured in FY 2010. Other changes include a decrease in SSA reimbursement revenues of approximately \$90,000 from the previous year; a state-wide FY 2011 budget reduction in General Fund appropriation of 3.24% and agency specific reductions amounting to \$82,600; a reduction of special appropriation reimbursement draws (roofing project) of approximately \$160,000 from the previous year relating to a reduction of special project costs in FY 2011.

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011

- This year's Business-Type Activities include activities in two funds, fund 02400 – switchboard operations and fund 10460 - Business Enterprise Program (“BEP”). In previous years the BEP was not classified as part of our Business-Type Activities, therefore our comparison of business-type activities is representative of switchboard operations only. As reporting of BEP activities in previous years was made in a summary fashion that indicated only the net income from BEP's FLETC contract, changes in line item accounting structure have enabled the Commission to report BEP's FY 2011 in terms of gross inflows and outflows. Due to this change in reporting, comparison to specific prior year activities for BEP is not relevant. However, when comparing BEP's change in net assets for FY 2011 to the previous year, FY 2011 BEP activities resulted in a net increase of \$45,698 compared to FY 2010 net increase of \$27,938, an increase of change in net amounting to \$17,760 or 63.6%. Likewise, the FY 2011 increase in total net assets of \$45,698 represents an increase of 20.2% from the previous year.
 - Switchboard operations revenues decreased by \$7,750 or 2.1%, however revenues of \$10,342 earned in FY 2011 relating to corrective payments made to staff based on a review by the U.S. Labor Department and reimbursable by Holloman Air Force Base, were not invoiced until FY 2012 and will be recognized in that fiscal year. Had revenues for this item been captured in FY 2011, it would reflect an increase in revenues of \$2,952 or .7%.
 - Switchboard operations expenses decreased by \$11,490 or 2.6%, which includes additional expenditures of \$10,342 that have not yet been reimbursed.

Budget

There were a number of minor budget adjustments made throughout the fiscal year. The Commission's original appropriation totaled \$7,779,500. Budget shavings, allowed under Section 10 of House Bill 2 – General Appropriation Act of 2010, reduced our budget by \$18,000. Additional budget reductions of \$64,600 brought our final appropriated budget to \$7,696,900. In addition to these appropriations, the Commission was granted monies under the American Recovery and Reinvestment Act of 2009, abbreviated ARRA (Pub. L. 111-5) and commonly referred to as the Stimulus or The Recovery Act. This grant was fully budgeted during the year. We had previously only been permitted to budget half of the ARRA Vocational Rehabilitation Basic Support grant. Our ARRA funding totaled \$1,075,900, all of which was spent by the end of this grants budget period.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2011**

In addition to the above, there were a number of budget adjustments that reclassified budget between spending categories and funds. These adjustments were made in order to better utilize our existing budget based on changing needs. For example, additional budget was needed in our proprietary fund due to a determination made by the U.S. Labor Department who found that back pay was needed to be made to workers in our switchboard operation. Budget was available in our Governmental Activities fund to support this adjustment.

Capital Assets

During FY 2011, there was a decrease in capital assets of \$265,553 as a result of the Commission's annual physical inventory and subsequent reconciliation of its fixed asset schedule. In addition, there were additions in FY 2011 of \$50,228 in part due to the completion on the roof project that was completed in FY 2011.

Debt

The Commission carries no Long-term debt for the fiscal year-end 2011. Amounts reported in previous fiscal years consisted of accrued compensated absences classified as "Long-Term," beginning this fiscal year the Commission will not be making this distinction, classifying all accrued compensated absences as a short-term liability which is the common practice for state agencies in New Mexico.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF NET ASSETS
 June 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	473,696	473,696
Interest in State General fund			
Investment pool	70,481	-	70,481
Loans receivable	-	13,517	13,517
Accounts receivable, net	-	131,185	131,185
Inventory	-	2,092	2,092
Due from other state agencies	-	1,293	1,293
Due from external parties	-	287,504	287,504
Due from the federal government	248,109	-	248,109
	<u>318,590</u>	<u>909,287</u>	<u>1,227,877</u>
Total current assets			
Non-current assets			
Capital assets, net	832,207	54,913	887,120
	<u>832,207</u>	<u>54,913</u>	<u>887,120</u>
Total assets			
	<u>\$ 1,150,797</u>	<u>964,200</u>	<u>2,114,997</u>
LIABILITIES			
Current liabilities			
Due to State General Fund Investment Pool	-	111,166	111,166
Accounts payable	175,902	586,693	762,595
Accrued payroll	126,138	10,477	136,615
Due to other state agencies	173	-	173
Deferred revenues	97	-	97
Compensated absences	312,499	22,268	334,767
	<u>614,809</u>	<u>730,604</u>	<u>1,345,413</u>
Total liabilities			
Net assets			
Invested in capital assets	832,207	54,913	887,120
Unrestricted	(296,219)	178,683	(117,536)
	<u>535,988</u>	<u>233,596</u>	<u>769,584</u>
Total net assets			
	<u>\$ 1,150,797</u>	<u>964,200</u>	<u>2,114,997</u>
TOTAL LIABILITIES AND NET ASSETS			
	<u>\$ 1,150,797</u>	<u>964,200</u>	<u>2,114,997</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants	Primary Government		
				Governmental Activities	Business-type Activities	Total
Governmental activities:						
General	\$ 6,329,757	-	3,795,323	(2,534,434)	-	(2,534,434)
ARRA	521,112	-	561,260	40,148	-	40,148
Total governmental activities	<u>6,850,869</u>	<u>-</u>	<u>4,356,583</u>	<u>(2,494,286)</u>	<u>-</u>	<u>(2,494,286)</u>
Business-type activities:						
Switchboard	425,236	369,394	-	-	(55,842)	(55,842)
Business enterprise program	4,855,188	4,899,392	-	-	44,204	44,204
Total business-type activities	<u>5,280,424</u>	<u>5,268,786</u>	<u>-</u>	<u>-</u>	<u>(11,638)</u>	<u>(11,638)</u>
General revenues and (expenses):						
Transfer - State General Fund appropriations				\$ 1,915,566	13,634	1,929,200
Transfer - State bond proceeds				15,803	-	15,803
Miscellaneous revenue				398,641	51,494	450,135
Other gifts and grants				5,621	-	5,621
Total general revenues (expenses)				<u>2,335,631</u>	<u>65,128</u>	<u>2,400,759</u>
Change in net assets				(158,655)	53,490	(105,165)
Net assets, beginning of year, as previously reported				694,643	(45,698)	648,945
Change in fund type				-	225,804	225,804
Net assets, beginning of year, as restated				<u>694,643</u>	<u>180,106</u>	<u>874,749</u>
Net assets, end of year				<u>\$ 535,988</u>	<u>233,596</u>	<u>769,584</u>

See Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2011

	<u>General Fund</u>	<u>ARRA</u>	<u>Total Governmental Funds</u>
Assets			
Interest in State General Fund Investment Pool	\$ 70,481	-	70,481
Due from federal government	248,109	-	248,109
Total Assets	<u>318,590</u>	<u>-</u>	<u>318,590</u>
Liabilities			
Accounts payable	175,902	-	175,902
Accrued payroll	126,138	-	126,138
Due to other state agencies	173	-	173
Deferred revenues	97	-	97
Total Liabilities	<u>302,310</u>	<u>-</u>	<u>302,310</u>
Fund Balance			
Unassigned	16,280	-	16,280
Total Fund Balance	<u>16,280</u>	<u>-</u>	<u>16,280</u>
Total Liabilities and Fund Balance	<u>\$ 318,590</u>	<u>-</u>	<u>318,590</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS -
 GOVERNMENTAL FUNDS
 June 30, 2011**

Total fund balance for the governmental funds (Balance Sheet)		\$	16,280
Amounts reported for governmental activities in the Statement of Net Assets are different because			
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets	2,279,687		
Accumulated depreciation	<u>(1,447,480)</u>		832,207
Long-term liabilities, including compensated absences payable, are not due and payable in the current period; therefore, are not reported in the funds.			<u>(312,499)</u>
Net assets of governmental activities (Statement of Net Assets)		\$	<u>535,988</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2011

	<u>General Fund</u>	<u>ARRA</u>	<u>Total Governmental Funds</u>
Revenues			
Other gifts and grants	\$ 5,621	-	5,621
Federal Grants	3,795,323	561,260	4,356,583
Miscellaneous revenue	398,641	-	398,641
	<u>4,199,585</u>	<u>561,260</u>	<u>4,760,845</u>
Expenditures			
General government:			
Current:			
Personnel services and benefits	3,817,894	107,000	3,924,894
Contract services	169,359	5,925	175,284
Other costs	780,213	42,595	822,808
Care and support	1,093,877	365,592	1,459,469
Capital outlay	46,119	3,634	49,753
Total expenditures	<u>5,907,462</u>	<u>524,746</u>	<u>6,432,208</u>
Excess (deficiency) of revenues over expenditures	<u>(1,707,877)</u>	<u>36,514</u>	<u>(1,671,363)</u>
Other Financing Sources (Uses)			
Transfer - State general fund appropriation	1,915,566	-	1,915,566
Transfer - State bond proceeds	15,803	-	15,803
Total other financing sources	<u>1,931,369</u>	<u>-</u>	<u>1,931,369</u>
Net change in fund balance	<u>223,492</u>	<u>36,514</u>	<u>260,006</u>
Fund Balance at Beginning of Year, as restated	<u>(207,212)</u>	<u>(36,514)</u>	<u>(243,726)</u>
Fund Balance at End of Year	<u>\$ 16,280</u>	<u>-</u>	<u>16,280</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2011**

Net change in Fund Balance - Total Governmental Funds	\$	260,006
(Statement of Revenues, Expenditures, and Changes in Fund Balance)		
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities these costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
Capital asset additions	50,228	
Depreciation expense	<u>(99,470)</u>	(49,242)
A physical inventory of capital assets noted that some items were obsolete or no longer in service and were removed from the fixed asset listing. This is the amount of net book value of the capital assets disposed of.		
		(265,553)
Some items reported in the Statement of Activities do not require the the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences		<u>(103,866)</u>
Change in net assets of governmental activities (Statement of Activities)	\$	<u>(158,655)</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 GENERAL FUND 04700
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Federal Grants	\$ 5,362,600	5,362,600	3,795,323	(1,567,277)
Other Gifts & Grants	1,200	1,200	5,621	4,421
Miscellaneous Revenues	80,000	80,000	398,641	318,641
General Fund Appropriation	2,011,800	1,929,200	1,915,566	(13,634)
Other Financing Sources	-	-	15,803	15,803
Total revenues	<u>7,455,600</u>	<u>7,373,000</u>	<u>6,130,954</u>	<u>(1,242,046)</u>
Total budgeted revenues		<u><u>7,373,000</u></u>		
Expenditures				
Personnel services and benefits	4,415,400	4,362,100	3,817,894	544,206
Contractual services	196,300	194,600	169,359	25,241
Other	2,843,900	2,816,300	1,920,209	896,091
Total expenditures	<u>\$ 7,455,600</u>	<u>7,373,000</u>	<u>5,907,462</u>	<u>1,465,538</u>
Net Change in Fund Balance			<u>\$ 223,492</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 SPECIAL REVENUE FUND 89000
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Revenue				
Federal Grants	\$ -	1,075,900	561,260	(514,640)
Expenditures				
Current:				
Personnel services and benefits	-	268,633	107,000	161,633
Contractual services	-	5,925	5,925	-
Other	-	801,342	411,821	389,521
Total expenditures	\$ -	1,075,900	524,746	551,154
Net Change in Fund Balance			<u>\$ 36,514</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF NET ASSETS -
 PROPRIETARY FUNDS
 June 30, 2011

	<u>Switchboard Operation</u>	<u>Business Enterprise Program</u>	<u>Total Proprietary Funds</u>
Assets			
Current Assets			
Cash	\$ -	473,696	473,696
Loans receivable	-	13,517	13,517
Accounts receivable, net	105,343	25,842	131,185
Inventory	-	2,092	2,092
Due from other state agencies	1,293	-	1,293
Due from external parties	-	287,504	287,504
Total current assets	<u>106,636</u>	<u>802,651</u>	<u>909,287</u>
Non-Current Assets			
Capital assets, net		<u>54,913</u>	<u>54,913</u>
Total assets	<u><u>106,636</u></u>	<u><u>857,564</u></u>	<u><u>964,200</u></u>
Liabilities and net assets			
Current Liabilities			
Due to State General Fund Investment Pool	111,166	-	111,166
Accounts payable	631	586,062	586,693
Accrued payroll liabilities	10,477	-	10,477
Compensated absences	22,268	-	22,268
Total Current Liabilities	<u>144,542</u>	<u>586,062</u>	<u>730,604</u>
Net assets			
Invested in capital assets	-	54,913	54,913
Unassigned	<u>(37,906)</u>	<u>216,589</u>	<u>178,683</u>
Total net assets	<u>(37,906)</u>	<u>271,502</u>	<u>233,596</u>
Total liabilities and net assets	<u><u>\$ 106,636</u></u>	<u><u>857,564</u></u>	<u><u>964,200</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN NET ASSETS - PROPRIETARY FUNDS
 For the Year Ended June 30, 2011

	<u>Switchboard Operations</u>	<u>Business Enterprise Program</u>	<u>Total Proprietary Funds</u>
Operating revenues			
Sales of services	\$ 369,394	4,721,238	5,090,632
Fees and commissions	-	178,154	178,154
Total operating revenues	369,394	4,899,392	5,268,786
Operating expenses			
Personnel services and benefits	354,263	-	354,263
Contractual services	5,834	4,679,288	4,685,122
Other costs	65,139	159,551	224,690
Depreciation expense	-	16,349	16,349
Total operating expenses	425,236	4,855,188	5,280,424
Operating income (loss)	(55,842)	44,204	(11,638)
Nonoperating revenues (expenses)			
State appropriation	13,634	-	13,634
Miscellaneous revenue	50,000	-	50,000
Interest income	-	269	269
Other income	-	1,225	1,225
Other gifts and grants	-	-	-
Total other financing sources (uses)	63,634	1,494	65,128
Change in net assets	7,792	45,698	53,490
Beginning net assets	(45,698)	-	(45,698)
Change in fund type	-	225,804	225,804
Beginning net assets, as restated	(45,698)	225,804	180,106
Ending net assets	<u>\$ (37,906)</u>	<u>271,502</u>	<u>233,596</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND 02400
 For the Year Ended June 30, 2011

	<u>Switchboard Operations</u>
Cash flows from operating activities	
Receipts from customers	\$ 318,309
Payments to suppliers	(91,506)
Payments to employees	(370,665)
Receipts from other funds	<u>57,824</u>
Net cash (used) by operating activities	(86,038)
Net (decrease) in cash and cash equivalents	
(Investment in State General Fund Investment Pool)	(86,038)
Balance, beginning of year	<u>(25,128)</u>
Balance, end of year	<u><u>\$ (111,166)</u></u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income (loss)	\$ 7,792
Change in assets and liabilities	
Receivables	(51,085)
Accounts payable	(20,533)
Due from others	(1,293)
Accrued payroll	(13,386)
Due to other funds	(59,289)
Gain on disposal obsolete assets	54,772
Compensated absences	<u>(3,016)</u>
Net cash (used) by operating activities	<u><u>\$ (86,038)</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND 10460
 For the Year Ended June 30, 2011

	<u>Business Enterprise Program</u>
Cash flows from operating activities	
Receipts from customers	\$ 4,942,899
Payments to suppliers	<u>(4,591,778)</u>
Net cash provided by operating activities	351,121
Net increase in cash and cash equivalents	351,121
Balance, beginning of year	<u>122,575</u>
Balance, end of year	<u><u>\$ 473,696</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 45,698
Adjustment to reconcile operating income to net cash used by operating activities:	
Depreciation expense	16,349
Change in assets and liabilities	
Due from external parties	42,013
Accounts payable	<u>247,061</u>
Net cash provided by operating activities	<u><u>\$ 351,121</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1. HISTORY AND FUNCTION

Nature of the Business. The New Mexico Commission for the Blind (Commission) was created to encourage and enable blind citizens of New Mexico to achieve vocational, economic and social equality. By providing career training in skills of blindness, the Commission promotes and conveys the belief that blindness is not a barrier to employment or any other aspect of a full and meaningful life.

The Commission is a department of the State of New Mexico, created by Chapter 108, Laws of 1986, New Mexico Statutes Annotated. The Commission is governed by a three-person Board of Commissioners who is appointed by the Governor, with the advice and consent of the Senate, to staggered terms of six years. The Commission receives state and federal government funding and must adhere to the legal requirements of each funding entity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, effective for periods beginning after December 15, 1992, established standards for defining and reporting on the financial reporting entity. GASB No. 14 supersedes previous standards issued by the National Council on Governmental Accounting. The requirement of GASB No. 14 applies at all levels to all state and local governments.

GASB No. 14 defines the financial reporting entity as consisting of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government."

A primary government is any state government or general-purpose local government, consisting of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are, for financial reporting purposes, part of the primary government. The Commission, therefore, is part of the primary government of the State of New Mexico, and its financial data should be included with the financial data of the state.

The Commission applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The Audit Act, Sections 12-6-1 through 12-16-14, NMSA 1978, requires the financial affairs of every agency to be thoroughly examined and audited each year, and a complete written report to be made. Moreover, the New Mexico State Auditor requires that each agency shall prepare financial statements in accordance with accounting principles generally accepted in the United State of America.

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All of the programs that are administered or controlled by the Commission have been included in this report. The Vending Facility Program is included as an enterprise fund, and the Switchboard Operation (New Mexico Industries for the Blind) are included as Commission's enterprise funds.

Basis of Accounting —Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The statement of net assets and the statement of activities display information about the Commission, the primary government, as a whole, without displaying individual funds or fund types. Generally, these statements distinguish between activities that are governmental and those that are considered business-type activities. Government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature.

The Commission does not have any component units.

The Government-Wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33. Grants revenue is recorded when all applicable eligibility or reimbursement requirements are met.

Fund Financial Statements. The governmental fund financial statements are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days in order to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Commission's actual experience confirms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is presented on the page following each fund statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the government-wide presentation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Commission first uses restricted resources then unrestricted resources.

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accounts of the Commission are organized on a fund basis, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The following fund types are used by the Commission:

Governmental Funds

General Fund (SHARE fund #04700) — The General Fund is the general operating fund of the Commission. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is funded primarily from grants from the U.S. Department of Education and appropriations from the State General Fund. It is a non-reverting fund.

The funds of the Commission are non-reverting (HB, General Appropriation Act of 2007), pursuant to the appropriation legislation. Funds appropriated to the General Fund are used as a match against federal grant funds, and unexpended funds at June 30th are to be used as a match against future federal grants.

Special Revenue Fund

ARRA Fund (SHARE fund #89000) — This special revenue fund was created by the Department of Finance and Administration to account for funds received under the American Recovery and Reinvestment Act (ARRA). The fund is classified as vouchering and budgeted. It is a non-reverting fund.

Proprietary Funds

Enterprise fund (SHARE fund #02400) - The Switchboard Operations Fund accounts for those operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Operating revenues include sales and miscellaneous income from business operations. All other revenue is considered non-operating. The Enterprise Fund consists of the Holloman contract, which provides switchboard operation for the Holloman Air Force Base.

Enterprise fund (SHARE fund #10460) - The Business Enterprise Program fund was presented as a private purpose trust fund in the previous fiscal year. With the implementation of GASB 54 and when added into SHARE, this fund was determined to be an enterprise fund. The Commission administers and accounts for the receipt and usage of Vending Facility Program's funds. Section 22-14-24 to Section 22-14-29 NMSA 1978, "Horace DeVargas Act," authorized the Commission to establish, maintain and operate a vending stand program for legally blind persons under the auspices of the "Randolph-Sheppard Act," Public Law 74-732 as amended by Public Law 83-565, 93-516 and 95-602, 20 U.S.C. Section 107, et seq.

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The law locates the state licensing agency (SLA) for the program in the individual state or territorial agency that offers vocational rehabilitation services for individuals who are blind under the Rehabilitation Act of 1973, as amended. The Commission uses QuickBooks accounting software to keep track of the activities in this program; the change in net assets of the fund are reported into SHARE on a monthly basis. It is a non-budgeted and non-reverting fund.

Cash and Investments. Cash is deposited by the Commission into its accounts with the State Treasurer, which are pooled and invested by the State Treasurer, and various financial institutions. The Commission considers cash on hand; cash in banks, and the Interest in State General Fund Investment Pool to be cash and cash equivalents. Negative cash, if any, is shown as Overdraft of Interest in State General Fund Investment Pool. The Business Enterprise Program fund cash is held in authorized bank accounts and short term certificates of deposit. Therefore, all cash and demand deposits are considered cash and cash equivalents.

For purposes of the Statement of Cash Flow — Proprietary Fund 2400, cash includes the Interest in State General Fund Investment Pool.

Receivables. All receivables are fully collectible.

Capital Assets. Capital Assets, which include property, plant and equipment, are reported in the applicable governmental or business-type of activities columns in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 per Section 12-6-10 NMSA 1978. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation is computed using the straight-line method over the assets' estimated useful lives. The following lives are used:

Building and improvements	10 - 40 years
Machinery & equipment	3 - 10 years

Accrued compensated absences. Vacation and sick leave earned and not taken are cumulative; however, upon termination of employment, sick pay for such leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment for 240 hours. Vacation leave up to the maximum of 240 is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semi-annually to qualified employees for hours accumulated above 600 hours at a rate equal to 50 percent of their hourly rate, not to exceed 120 hours each semi-annual period. Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50 percent hourly rate.

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balance. In the fund level financial statements, fund balance reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. In accordance Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), the Commission, classifies governmental fund balances as follows:

- i. Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- ii. Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or amounts constrained due to enabling legislation.
- iii. Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- iv. Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by management.
- v. Unassigned - Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Commission requires restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring matching spending. Additionally, the Commission would first use unrestricted fund balance and assigned fund balance for its intended purpose, such as liquidating compensated absences.

Program Revenues. Program revenues include federal and state grants and charged for services. Grant revenues are recognized when all eligibility requirements have been met.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Inter-fund Activity. Inter-fund receivables or payables at year end are eliminated from the government-wide financial statements.

Budgetary Data. The State Legislature makes annual appropriations to the Commission and monitors legal compliance through an annual budget. Annual budgets are adopted each fiscal year for all funds. Expenditures may not legally exceed appropriations at the object expenditure classification (pcode) level. Amendments to the budget require approval by the State's Financial Control Division of the New Mexico Department of Finance and Administration (DFA). All appropriations lapse at the fiscal year end, although cash balances at the end of the fiscal year do not revert back to the State General Fund.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The budget is adopted on a modified accrual basis of accounting that is consistent with generally accepted accounting principles (GAAP). The budget is adopted on the modified accrual bases of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget. Budgetary comparisons presented in the financial statements are now presented on a basis which is consistent with generally accepted accounting principles (GAAP).

The Enterprise Fund's budgetary legal authorization to incur obligations is on a basis that differs from the basis of accounting required by GAAP. The budget is prepared on a modified accrual basis and includes capital outlay expenses. GAAP expenses do not include capital outlay as expenses. The budgetary basis does not include bad debts and depreciation. GAAP expenses include bad debts and depreciation.

The Commission is required to submit a budget report for the General Fund and Enterprise Fund 02400 to the DFA and the Legislative Finance Committee by September 1 of each year. The Commission is required to submit a budget report for the Business Enterprise Program enterprise fund to its Board of Commissioners for approval.

NOTE 3. COLLATERAL PLEDGED BY FINANCIAL INSTITUTIONS

Section 6-10-17, NMSA 1978 compilation requires that banks or savings and loans provide additional collateral on funds held that exceed the FDIC insurance limit. These excess funds are required to be fifty percent collateralized. The collateralization of the Commission's bank accounts is monitored by the State Treasurer's Office. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure State Treasurer cash and investments. All funds on deposit with banking institutions were fully covered by FDIC insurance at June 30, 2011.

NOTE 4. CASH

The funds allotted to the Commission are held by the New Mexico State Treasurer and pooled with the general fund investment pool. The Commission can withdraw its funds from the State Treasurer as needed and therefore considers them to be cash equivalents. All earnings on deposits are retained by the State General Fund; therefore, from the Commission's perspective, the cash balances are non-interest bearing and stated at cost. Money deposited by the Commission with the State Treasurer is pooled and invested by the State Treasurer. The State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$100,000 in insurance coverage provided by federal agencies. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institutions operating results and capital. Collateral for the fiscal account is required in amounts equal to 50% of the average investment balance. To obtain pledged collateral, investment risk, and insurance coverage information for the Department's State Treasurer deposits, a copy of separately issued financial statements can be obtained from the State Treasurer's Office. All collateral is held in third-

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011**

NOTE 4. CASH (CONTINUED)

party safekeeping. A supplemental schedule of cash that the Commission held as of June 30, 2011 is presented in the financial statements as supplemental information.

Pledged Collateral by Banks. All funds on deposit with banking institutions were fully covered by FDIC insurance at June 30, 2011.

NOTE 5. CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2011 is as follows:

Governmental Activities:

	June 30, 2010	Additions	Retirements/ Transfers	June 30, 2011
Non-depreciable assets				
Land	\$ 326,185	-	(270,509)	55,676
Construction in process	174,445	-	(174,445)	-
Depreciable assets				
Buildings and improv.	1,181,890	18,096	179,400	1,379,386
Machinery and equip.	2,354,208	32,132	(1,541,716)	844,624
	<u>4,036,728</u>	<u>50,228</u>	<u>(1,807,270)</u>	<u>2,279,686</u>
Accumulated depreciation				
Buildings and improve.	(685,985)	(50,272)	-	(736,257)
Machinery and equip.	(2,203,739)	(49,198)	1,541,715	(711,222)
	<u>(2,889,724)</u>	<u>(99,470)</u>	<u>1,541,715</u>	<u>(1,447,480)</u>
Total capital assets, net	<u>\$ 1,147,004</u>	<u>(49,242)</u>	<u>(265,555)</u>	<u>832,207</u>

Current year depreciation allocated to general governmental activities is \$99,470.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

NOTE 5. CAPITAL ASSETS (CONTINUED)

Business-Type Activities:

	June 30, 2010	Additions	Deletions	June 30, 2011
Depreciable assets				
Buildings and improv.	33,093	-	-	33,093
Machinery and equip.	45,699	-	-	45,699
Aircraft, autos and trucks	19,500	-	-	19,500
	<u>98,292</u>	<u>-</u>	<u>-</u>	<u>98,292</u>
Accumulated depreciation				
Buildings and improve.	(3,861)	(3,309)	-	(7,170)
Machinery and equip.	(14,061)	(9,140)	-	(23,201)
Aircraft, autos and trucks	(9,108)	(3,900)	-	(13,008)
	<u>(27,030)</u>	<u>(16,349)</u>	<u>-</u>	<u>(43,379)</u>
Total capital assets, net	<u>\$ (71,262)</u>	<u>(16,349)</u>	<u>-</u>	<u>(54,913)</u>

There is no debt related to capital assets. Current year depreciation related to business-type activities is \$16,349.

Capital assets in the proprietary fund 02400 were assets of a retired program and the assets have been historically presented in government activities. Therefore, the net capital assets of \$54,772 in fund 02400 were written off in fiscal year 2011.

NOTE 6. COMPENSATED ABSENCES PAYABLE

Compensated absences for the year ended June 30, 2011 were as follows: The following is a summary of changes in compensated absences:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences payable	<u>\$ 208,633</u>	<u>138,622</u>	<u>34,756</u>	<u>312,499</u>	<u>312,499</u>
Total long-term liabilities	<u>\$ 208,633</u>	<u>138,622</u>	<u>34,756</u>	<u>312,499</u>	<u>312,499</u>
Business-Type Activities					
Compensated absences payable	<u>\$ 25,284</u>	<u>92,414</u>	<u>95,430</u>	<u>22,268</u>	<u>22,268</u>
Total long-term liabilities	<u>\$ 25,284</u>	<u>92,414</u>	<u>95,430</u>	<u>22,268</u>	<u>22,268</u>

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011**

NOTE 6. COMPENSATED ABSENCES PAYABLE (CONTINUED)

For the Statement of Activities, change in compensated absences included as expenditures is allocated to the programs using a payroll allocation percentage. Amounts have been paid out of the General Fund in the past.

NOTE 7. DUE TO / DUE FROM OTHER AGENCIES

Due from in the Statement of Net Assets consists of grants and other receivable from external parties at year end. The due from other state agencies in the Statement of Net Assets represents \$1,293 of federal funds that were sent to the U.S. Treasury instead of the Commission in error. The due to other state agencies in the Statement of Net Assets represents \$173 of funds that will be returned to Department of Health (DOH) for the unused amount for Tech for Children program during the current year.

NOTE 8. NET ASSETS DEFICIT

At year end, governmental activities (fund 04700) resulted in an unrestricted fund balance surplus of \$16,280, eliminating the fund balance deficit for governmental activities. The business-type activities Switchboard Operation (fund 02400) had an unrestricted fund balance deficit of \$37,906, a 62% reduction from the previous year. The deficit is due to the termination of a project that resulted from prior years' operations. The Commission plans on transferring funds from the General Fund to eliminate the remaining fund balance deficit in fiscal year 2012.

NOTE 9. OPERATING LEASES

The Commission leased certain office space and office equipment under lease agreements with various terms. Expenditures for operating leases for the year ended June 30, 2011 amounted to \$223,327.

Annual future minimum lease payments are as follows:

2012	\$	207,940
2013		163,660
2014		6,969
2015		-
	\$	<u>378,569</u>

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 10. DEFERRED COMPENSATION

The State of New Mexico offers state, local government and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan available to all State employees and those local government and school district employees whose employers have elected participation in the plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. There are employees that are making contributions to a Deferred Compensation Plan. Neither the Commission nor the State of New Mexico makes any contributions to the Deferred Compensation Plan. All contributions withheld from participants by the Commission have been paid to the New Mexico Public Employees Retirement Association, which administers the plan.

NOTE 11. PERA RETIREMENT PLANS

Plan Description. Substantially all of the Commission's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 8.92 percent of their gross salary. The Commission is required to contribute 15.09 percent of the gross covered salary. The contribution requirements of plan members and the Commission are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Commission's contributions to PERA for the years ended June 30, 2011, 2010 and 2009 were \$447,146, \$446,051 and \$505,810, respectively, equal to the amount of required contributions for the year.

**NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) —
RETIREE HEALTH CARE**

Plan Description. The State of New Mexico Commission for the Blind contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011**

**NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) —
 RETIREE HEALTH CARE (CONTINUED)**

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle N.E., Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from RHCA or viewed on their website at www.nmrhea.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute requires each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee is required to contribute .8333% of their salary. In the fiscal years ending June 30, 2011 and June 30, 2013 the contribution rates for the employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

**NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) —
RETIREE HEALTH CARE (CONTINUED)**

The Commission's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$49,019, \$37,519 and \$38,663, respectively, which equal the required contributions for each year.

NOTE 13. INSURANCE COVERAGE

The Commission obtains coverage through the Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, worker's compensation, group insurance and state unemployment. These coverage's are designed to satisfy the requirements of the State Tort Claims Act. All employees of the Commission are covered by a blanket fidelity bond up to \$5,000,000 with a \$1,000 deductible per occurrence, by the State of New Mexico, for the period July 01, 2010 through June 30, 2011.

NOTE 14. RESTATEMENT OF FUND BALANCE/GASB 54

GASB Statement No. 54 clarifies the existing governmental fund type definitions and provides clearer fund balance categories and classifications. The new hierarchical fund balance classifications are based primarily on the extent to which a government is bound to follow constraints on resources in governmental funds and includes terms: non-spendable, restricted, committed, assigned, and unassigned. GASB 54 was implemented in the current fiscal year. Details of the Commission's fund balance classifications and policies are reflected in Note 2.

The governmental fund types used by the Commission were evaluated based on the provisions of GASB 54. It was noted during this process that the Business Enterprise Program should be classified as an Enterprise fund instead of a Fiduciary fund. The Commission changed its fund type as they believe that this change was more preferable than the previous reporting since this provides better accounting and transparency over the activities that occur in the fund. The change is considered a change in accounting principle, where the fund is included in the financial statements as a proprietary fund with a restated beginning fund balance of \$225,804 in the Statement of Revenues, Expenditures, and Changes in Net Assets - Proprietary Funds. In addition, the fund balance classifications were also examined by management, and all fund balances are unassigned on the balance sheet.

NOTE 15. CONTINGENCIES

Federal Grant Programs. The Commission participates in numerous federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Department has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable as of June 30, 2011, may be impaired.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 15. CONTINGENCIES (CONTINUED)

In the opinion of the Department, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies. Expenditures disallowed and required to be repaid to the grantor agencies as a result of such audits, if any, would require an appropriation from the State General Fund.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 PROPRIETARY FUND 02400
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Other sales of services	\$ 323,900	323,900	369,394	45,494
General fund appropriation	-	-	13,634	13,634
Other revenue	-	-	50,000	50,000
Total revenues	<u>323,900</u>	<u>323,900</u>	<u>433,028</u>	<u>109,128</u>
Cash balance required to balance budget		<u>76,800</u>		
Total budgeted revenues		<u><u>400,700</u></u>		
Expenditures				
Personnel services and benefits	242,500	376,300	354,263	22,037
Contractual services	10,800	13,800	5,834	7,966
Other	70,600	10,600	10,367	233
Total Expenditures	<u>\$ 323,900</u>	<u>400,700</u>	<u>370,464</u>	<u>30,236</u>
Excess revenue over expenditures			62,564	
Fixed asset adjustment			<u>(54,772)</u>	
Change in net assets - GAAP basis			<u>\$ 7,792</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS
 As of June 30, 2011

Name of Depository	Account Name	SHARE Fund No.	Type of Account	Interest Bearing	Bank Balance at June 30, 2011	Reconciled Balance at June 30, 2011
Governmental Fund Types						
General Fund						
New Mexico State Treasurer	Commission for the Blind	04700	State Treasury	No	\$ 70,481	70,481
Total Governmental Fund Types					\$ 70,481	70,481
Enterprise Fund Types						
Proprietary Funds						
New Mexico State Treasurer	Switchboard Operation	02400	State Treasury	No	\$ (111,166)	(111,166)
Wells Fargo Bank	Business Enterprise Program		CD's	Yes	63,688	63,688
Bank of America	Set Aside Fund-BEP	10460	Checking	Yes	110,680	95,244
Bank of America	FLETC	10460	Checking	Yes	314,764	314,764
Total Enterprise Fund Types					\$ 377,966	362,530
Total Commission Cash					\$ 448,447	433,011

See Notes to Financial Statements

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 SCHEDULE OF OPERATING TRANSFERS
 For the Year Ended June 30, 2011

	SHARE FUND	TITLE	TRANSFER	
			IN	OUT
General Fund (04700)				
(1)	85300	Department of Finance and Administration	\$ 1,929,200	-
(2)	18100	State Personnel Department	-	200
(3)	82100	Department of Finance and Administration	-	4
(4)	21500	Department of Finance and Administration	1,281	-
(5)	82100	Department of Finance and Administration	28,279	-
(6)	50000	Division of Vocational Rehabilitation	2,026	-
(7)	06100	NM Department of Health	69,600	-
			<u>\$ 2,030,386</u>	<u>204</u>

NOTES

- (1) General Fund Appropriation, HB2 Laws of 2010, Section 4, Section 10 shavings, and Op-Bud 2 reductions
- (2) Agency Collective Bargaining fee
- (3) Correction for over-draw related to roof repair - Bond Proceed, SB827, Act 2007, Chapter 42, Section 5
- (4) EAP Refunds for FY08, FY09, and FY10
- (5) Bond Proceed, SB827, Act 2077, Chapter 42, Section 5
- (6) Reimbursement for joint training costs by Seymour Levy
- (7) MOU with Department of Health to provide assistive technology for children

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF JOINT POWERS AGREEMENTS/MEMORANDUMS OF UNDERSTANDING
June 30, 2011**

NM Department of Health

The Commission participates in a Joint Powers Agreement (JPA) with the NM Department of Health to provide blind and visually impaired children birth to 21 years of age who have no funding options, with assistive technology such as Closed Circuit Television systems, screen readers, screen enlargement software, Franklin Language Master, Talking Typer, Text Bridge, Perkins Braille writer, and Braille Note takers.

- Responsible Party: The Commission for the Blind
- Time period: July 1, 2010 to June 30, 2011
- Amount of Project: \$80,000
- The NM Department of Health contributed \$80,000 in the current fiscal year.
- Audit Responsibility: The Commission for the Blind
- Fiscal Agent: The Commission for the Blind
- Revenue and expenditures Reported: The Commission for the Blind

NM Department of Corrections

The Commission has a Memorandum of Understanding (MOU) with the Department of Corrections, Correction Industries Division (CID) to maximize and leverage available resources through the exchange of raw canvas material for finished office furniture. This MOU is carried out in accord with State Procurement Code Chapter 12-6-2, section B, subsection (2) which allows for negotiated sales and trades between state agencies.

- Responsible Party: The Commission for the Blind
- Time period: June 1, 2011 through Completion
- Amount of Project: \$50,000
- The Commission transferred possession and ownership of canvas material to CID. In exchange, CID has made available to the Commission office furniture and furniture transportation services.
- Audit Responsibility: The Commission for the Blind
- Fiscal Agent: The Commission for the Blind
- Revenue and expenditures Reported: The Commission for the Blind

SINGLE AUDIT INFORMATION

STATE OF NEW MEXICO
 COMMISSIONS FOR THE BLIND
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2011

Federal Grantor Program Title	CFDA Number	Grantor's Number	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Vocational Rehabilitation-Cluster			
Basic Support Grant	84.126	H126A100046A	\$ 3,444,732
Basic Support Grant - ARRA	84.390	H390A090046A	503,784
Total Basic Support Cluster			<u>3,948,516</u>
Independent Living Part C O/B - Cluster			
Independent Living Part C O/B	84.177	H177B100031B	451,510
Independent Living Part C O/B - ARRA	84.399	H399A090031	20,964
Total Independent Living C Cluster			<u>472,474</u>
Independent Living Part B	84.169	H169A100047B	74,115
Supported Employment	84.187	H187A100047A	58,684
Training Grant	84.265	H265A050060-09	21,273
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 4,575,062</u></u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards has been prepared on an accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Outstanding Loans and Subrecipients

The Commission does not receive non-cash assistance, have outstanding loans, nor provides federal awards to subrecipients.

**Report of Independent Auditors on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of the Financial
Statements Performed in Accordance With
*Government Auditing Standards***

Board of Commissioners
New Mexico Commission for the Blind
and
Mr. Hector H. Balderas,
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, and the budgetary comparisons for the general fund and special revenue fund of the New Mexico Commission for the Blind (Commission), as of and for the year ended June 30, 2011, which collectively comprise the Commission's basic financial statements as listed in the table of contents. We have also audited the Commission's proprietary fund budgetary comparison presented as supplementary information for the year ended June 30, 2011 as listed in the table of contents, and have issued our report thereon dated December 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

Board of Commissioners
New Mexico Commission for the Blind
and
Mr. Hector H. Balderas,
New Mexico State Auditor
Santa Fe, New Mexico

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the Commission, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, federal and pass through agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Mess Adams LLP

Albuquerque, New Mexico
December 7, 2011

**Report of Independent Auditors on Compliance with
Requirements That Could Have a Direct
and Material Effect on Each Major Program and Internal Control
Over Compliance in Accordance With OMB Circular A-133**

Board of Commissioners
New Mexico Commission for the Blind
and
Mr. Hector H. Balderas,
New Mexico State Auditor
Santa Fe, New Mexico

Compliance

We have audited the compliance of the State of New Mexico, New Mexico Commission for the Blind (Commission) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2011. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Not-for-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, the Commission, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Board of Commissioners
New Mexico Commission for the Blind
and
Mr. Hector H. Balderas,
New Mexico State Auditor
Santa Fe, New Mexico

Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Commission's management, the New Mexico State Auditor, the New Mexico Department of Finance and Administration, The New Mexico State Legislature, and the federal awarding and passes through agencies and is not intended to be and should not be used by anyone other than those specific parties.

Mess Adams LLP

Albuquerque, New Mexico
December 7, 2011

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2011**

FS 08-2	Internal Accounting System Reconciliation	Resolved
FS 08-8	Vocational Rehabilitation Program (files)	Resolved
FS 09-2	Business Enterprise Program	Resolved
FS 10-1	Capital Assets	Resolved
FS 10-2	Budgetary Controls	Resolved
FS 10-3	Voucher Test	Resolved
10-4	Data Collection Form	Resolved
10-5	Allowable Costs/Cost Principles	Resolved
10-6	Reporting Requirements	Resolved

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2011**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(s) identified? _____ Yes X None reported

Non-compliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(s) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
84.126/84.390	Vocational Rehabilitation Cluster
84.177/84.399	Independent Living Part C Older Blind Cluster

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2011**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
EXIT CONFERENCE
Year Ended June 30, 2011**

The exit conference was held December 7, 2011 and attended by the following individuals:

State of New Mexico Commission for the Blind

Arthur Schreiber	Board Chairman
Greg Trapp	Executive Director
Jorlam Kelsang	Chief Financial Officer
John Fleisher	Finance Manager

Moss Adams LLP

Larry Carmony, CPA, CGFM	Assurance Partner
Audrey J. Jaramillo, CPA, CFE	Assurance Senior Manager

The financial statements were prepared with the assistance of Moss Adams LLP.