

**MARRAKECH, INC.
MARRAKECH HOUSING OPTIONS, INC.
MARRAKECH DAY SERVICES, INC.
MARRAKECH RESIDENTIAL SERVICES, INC.**


Audited Combining Financial Statements

June 30, 2009

MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.

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INDEPENDENT AUDITOR'S REPORT



GUILMARTIN • DIPIRO • SOKOLOWSKI LLC

CE ~~INDEPENDENT AUDITOR'S REPORT~~

The Board of Directors
Marrakech, Inc., Marrakech Housing Options, Inc.,
Marrakech Day Services, Inc. and Marrakech Residential Services, Inc.:

We have audited the accompanying combining statement of financial position of Marrakech, Inc., Marrakech Housing Options, Inc., Marrakech Day Services, Inc. and Marrakech Residential Services, Inc. (non-profit organizations referred to as the Company) as of June 30, 2009, and the related combining statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 11 of the combining financial statements, the organizations have excluded the effects of CIL Realty, Inc. lease obligations from property and debt in the accompanying combining statement of financial position. In our opinion, accounting principles generally accepted in the United States of America require that such obligations be included in the combining statement of financial position.

In our opinion, except for the effect of the lease obligations on the combining statement of financial position as explained in the preceding paragraph, the combining financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of June 30, 2009 and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2010 on our consideration of the Company's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts and 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.

Our audit was conducted for the purpose of forming an opinion on the combining financial statements of the Company taken as a whole. The supplementary data included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic combining financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the Office of Policy and Management, *Compliance Supplement to the State Single Audit Act*, and is not a required part of the basic combining financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combining financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic combining financial statements taken as a whole.

Guilmartin DiPiro & Sokolowski, LLC

Middletown, Connecticut
January 29, 2010

FINANCIAL STATEMENTS

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Combining Statement of Financial Position

June 30, 2009

	Marrakech, Inc.	Marrakech Housing Options, Inc.	Marrakech Day Services, Inc.	Marrakech Residential Services, Inc.	Intercompany Eliminations	Combined Companies
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,531,573	\$ 1,607	\$ 78,199	\$ 181	\$ -	\$ 1,611,560
Accounts receivable, net of allowance for doubtful accounts of \$ 168,637	1,261,297	1,142,362	267,584	179,721	-	2,850,964
Due from Whalley Avenue Housing II, Inc. net of allowance for doubtful accounts of \$ 250,000	431,743	-	-	-	-	431,743
Prepaid expenses	365,103	-	-	-	-	365,103
Total current assets	<u>3,589,716</u>	<u>1,143,969</u>	<u>345,783</u>	<u>179,902</u>	<u>-</u>	<u>5,259,370</u>
Fixed assets:						
Fixed assets, net of accumulated depreciation of \$4,486,587	9,600,632	647,363	81,831	68,652	-	10,398,478
Other assets:						
Due from related organizations	1,846,994	-	527,114	-	(2,374,108)	-
Due from Whalley Housing Services, Inc.	123,546	-	-	-	-	123,546
Other assets	57,732	409	-	-	-	58,141
Total other assets	<u>2,028,272</u>	<u>409</u>	<u>527,114</u>	<u>-</u>	<u>(2,374,108)</u>	<u>181,687</u>
	<u>\$ 15,218,620</u>	<u>\$ 1,791,741</u>	<u>\$ 954,728</u>	<u>\$ 248,554</u>	<u>\$ (2,374,108)</u>	<u>\$ 15,839,535</u>
Liabilities and Net Assets						
Current liabilities:						
Current portion of long-term debt	\$ 1,407,822	\$ -	\$ -	\$ 1,905	\$ -	\$ 1,409,727
Accounts payable	366,715	7,849	12,825	160	-	387,549
Accrued liabilities	2,148,976	41,391	22	-	-	2,190,389
Due to grantors	246,213	-	317,412	91,673	-	655,298
Deferred revenue, current portion	130,050	-	198,070	-	-	328,120
Total current liabilities	<u>4,299,776</u>	<u>49,240</u>	<u>528,329</u>	<u>93,738</u>	<u>-</u>	<u>4,971,083</u>
Long-term liabilities:						
Mortgages payable, less current portion	5,734,888	-	-	-	-	5,734,888
Loans payable, less current portion	547,798	-	-	10,003	-	557,801
Due to related organizations	-	1,738,252	-	635,856	(2,374,108)	-
Due to HRS	17,781	-	-	-	-	17,781
Deferred revenue, less current portion	481,118	354,750	-	-	-	835,868
Contingent liabilities - see Note 10	-	-	-	-	-	-
Total long-term liabilities	<u>6,781,585</u>	<u>2,093,002</u>	<u>-</u>	<u>645,859</u>	<u>(2,374,108)</u>	<u>7,146,338</u>
Total liabilities	<u>11,081,361</u>	<u>2,142,242</u>	<u>528,329</u>	<u>739,597</u>	<u>(2,374,108)</u>	<u>12,117,421</u>
Net assets (deficit):						
Unrestricted	3,668,281	(371,811)	386,032	(491,043)	-	3,191,459
Temporarily restricted	468,978	21,310	40,367	-	-	530,655
Total net assets (deficit)	<u>4,137,259</u>	<u>(350,501)</u>	<u>426,399</u>	<u>(491,043)</u>	<u>-</u>	<u>3,722,114</u>
Total liabilities and net assets	<u>\$ 15,218,620</u>	<u>\$ 1,791,741</u>	<u>\$ 954,728</u>	<u>\$ 248,554</u>	<u>\$ (2,374,108)</u>	<u>\$ 15,839,535</u>

See accompanying notes to combining financial statements.

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Combining Statement of Activities

For the year ended June 30, 2009

	Marrakech Housing Options, Inc.	Marrakech Day Services, Inc.	Marrakech Residential Services, Inc.	Intercompany Eliminations	Combined Companies	
<u>Change in Unrestricted Net Assets</u>						
Revenue and other support:						
Operating revenue	\$ 10,088,310	\$ 17,189,326	\$ 2,734,936	\$ 2,304,538	\$ (4,609,636)	\$ 27,707,474
Donations and fundraising	187,045	-	1,657	-	-	188,702
In-kind support	32,778	-	-	-	-	32,778
Interest income	6,757	-	-	-	-	6,757
Net assets released from restrictions	2,940	14,772	3,804	-	-	21,516
Total unrestricted revenue and other support	<u>10,317,830</u>	<u>17,204,098</u>	<u>2,740,397</u>	<u>2,304,538</u>	<u>(4,609,636)</u>	<u>27,957,227</u>
Operating expenses:						
Salary	4,883,323	9,768,753	1,545,632	1,192,401	-	17,390,109
Non-salary	3,808,043	3,353,515	641,360	544,442	(1,714,562)	6,632,798
Administrative and general	508,717	1,840,127	304,772	241,458	(2,895,074)	-
Employee benefits	1,055,892	2,017,831	321,355	247,559	-	3,642,637
Total operating expenses	<u>10,255,975</u>	<u>16,980,226</u>	<u>2,813,119</u>	<u>2,225,860</u>	<u>(4,609,636)</u>	<u>27,665,544</u>
Increase (decrease) in unrestricted net assets	<u>61,855</u>	<u>223,872</u>	<u>(72,722)</u>	<u>78,678</u>	<u>-</u>	<u>291,683</u>
<u>Other income and expense</u>						
Grant funding received for Whalley Housing II - see Note 6	-	-	155,911	-	-	155,911
Transfer of grant funds to Whalley Housing II - see Note 6	-	-	(155,911)	-	-	(155,911)
Unrestricted net assets (deficit), beginning of year, as restated (for Marrakech, Inc. only) See Note 16	<u>3,606,426</u>	<u>(595,683)</u>	<u>458,754</u>	<u>(569,721)</u>	<u>-</u>	<u>2,899,776</u>
Unrestricted net assets (deficit), end of year	<u>\$ 3,668,281</u>	<u>\$ (371,811)</u>	<u>\$ 386,032</u>	<u>\$ (491,043)</u>	<u>\$ -</u>	<u>\$ 3,191,459</u>
<u>Change in Temporarily Restricted Net Assets</u>						
Net assets released from restrictions	\$ (2,940)	\$ (14,772)	\$ (3,804)	\$ -	\$ -	\$ (21,516)
(Decrease) in temporarily restricted net assets	<u>(2,940)</u>	<u>(14,772)</u>	<u>(3,804)</u>	<u>-</u>	<u>-</u>	<u>(21,516)</u>
Temporarily restricted net assets, beginning of year, as restated (for Marrakech, Inc. only) See Note 16	<u>471,918</u>	<u>36,082</u>	<u>44,171</u>	<u>-</u>	<u>-</u>	<u>552,171</u>
Temporarily restricted net assets, end of year	<u>\$ 468,978</u>	<u>\$ 21,310</u>	<u>\$ 40,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530,655</u>
Total change in net assets	<u>\$ 58,915</u>	<u>\$ 209,100</u>	<u>\$ (76,526)</u>	<u>\$ 78,678</u>	<u>\$ -</u>	<u>\$ 270,167</u>

See accompanying notes to combining financial statements.

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Combining Statement of Cash Flows

For the year ended June 30, 2009

	Marrakech, Inc.	Marrakech Housing Options, Inc.	Marrakech Day Services, Inc.	Marrakech Residential Services, Inc.	Combined Companies
Cash flows from operating activities:					
Change in net assets	\$ 58,915	\$ 209,100	\$ (76,526)	\$ 78,678	\$ 270,167
Adjustments to reconcile net income to net cash provided (used) by operating activities:					
Depreciation and amortization	377,473	213,457	22,323	20,221	633,474
(Gain) loss on disposal of assets	(18,717)	1,777	-	-	(16,940)
(Increase) decrease in accounts receivable	(82,141)	(200,393)	(178,754)	22,816	(438,472)
(Increase) in prepaid assets	(189,214)	-	-	-	(189,214)
(Increase) in other assets	(25,228)	(409)	-	-	(25,637)
(Decrease) increase in accounts payable	(197,694)	7,849	12,825	160	(176,860)
(Decrease) increase in accrued liabilities	(394,059)	37,345	(1,180)	-	(357,894)
Increase (decrease) in due to grantors	114,522	(2,278)	15,900	(115,000)	13,144
Decrease in due from others	631,200	-	-	-	631,200
(Decrease) in due to others	(12,355)	-	-	-	(12,355)
Increase (decrease) in deferred revenue	381,468	(28,537)	56,317	-	409,248
Total adjustments	<u>585,255</u>	<u>28,811</u>	<u>(72,569)</u>	<u>(71,803)</u>	<u>469,694</u>
Net cash provided (used) by operating activities	<u>644,170</u>	<u>237,911</u>	<u>(149,095)</u>	<u>6,875</u>	<u>739,861</u>
Cash flows from investing activities:					
Cash payments for the purchase of property	(668,831)	(155,770)	(32,813)	-	(857,414)
Transfer of assets to related party	34,972	(9,113)	(4,540)	(21,319)	-
Net cash used by investing activities	<u>(633,859)</u>	<u>(164,883)</u>	<u>(37,353)</u>	<u>(21,319)</u>	<u>(857,414)</u>
Cash flows from financing activities:					
(Increase) decrease in due from related party	(54,088)	-	108,125	-	54,037
(Decrease) increase in due to related party	-	(73,179)	-	17,066	(56,113)
Proceeds of line of credit	4,650,000	-	-	-	4,650,000
Repayment of line of credit	(4,330,000)	-	-	-	(4,330,000)
Principal payments on loans and capital leases	(559,862)	-	-	(2,547)	(562,409)
Net cash provided (used) by financing activities	<u>(293,950)</u>	<u>(73,179)</u>	<u>108,125</u>	<u>14,519</u>	<u>(244,485)</u>
Net (decrease) increase in cash and cash equivalents	(283,639)	(151)	(78,323)	75	(362,038)
Cash and cash equivalents, beginning of year	<u>1,815,212</u>	<u>1,758</u>	<u>156,522</u>	<u>106</u>	<u>1,973,598</u>
Cash and cash equivalents, end of year	<u>\$ 1,531,573</u>	<u>\$ 1,607</u>	<u>\$ 78,199</u>	<u>\$ 181</u>	<u>\$ 1,611,560</u>
Supplemental disclosures					
Cash paid during the period for:					
Interest expense	<u>\$ 441,448</u>	<u>\$ 47,600</u>	<u>\$ 2,268</u>	<u>\$ 3,458</u>	<u>\$ 494,774</u>
Non-cash investing and financing activities:					
Acquisition of property through debt financing	<u>\$ 239,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,373</u>
Assumption of mortgage (by buyer) for sale of property	<u>\$ 388,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,957</u>

See accompanying notes to combining financial statements.

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Notes to Combining Financial Statements

June 30, 2009

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The combining financial statements include the accounts of Marrakech, Inc., Marrakech Housing Options, Inc., Marrakech Day Services, Inc. and Marrakech Residential Services, Inc. Significant intercompany accounts and transactions have been eliminated on the combining statement of financial position, combining statement of activities and combining statement of cash flows.

Accounting principles generally accepted in the United States of America require the combining of entities that have common control and an economic interest in one another.

A summary of Marrakech, Inc.'s, Marrakech Housing Options, Inc.'s, Marrakech Day Services, Inc.'s and Marrakech Residential Services, Inc.'s (the Agencies) significant accounting policies is as follows:

Nature of activities

Marrakech, Inc. operates programs for persons with disabilities in the State of Connecticut. Additionally, it provides management services for Marrakech Housing Options, Inc., Marrakech Day Services, Inc. and Marrakech Residential Services, Inc.

Marrakech Housing Options, Inc. and Marrakech Residential Services, Inc. operate private group homes, supported living arrangements and day programs for persons with disabilities in the State of Connecticut. The operating revenue for the Agencies comes primarily from the Connecticut Departments of Developmental Services (DDS) and Social Services (DSS) and the Social Security Administration (SSA).

Marrakech Day Services, Inc. operates vocational day programs which are licensed by the State of Connecticut for handicapped and developmentally disabled persons. It is principally funded through cost reimbursements from the State of Connecticut Department of Mental Health and Addiction Services (DMHAS).

Basis of presentation

The combining financial statements of the Agencies have been prepared on the accrual basis of accounting.

Tax-exempt status

The Agencies have received exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Agencies have also been classified as entities that are not private foundations within the meaning of Section 509(a) and qualify for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Financial statement presentation

The Agencies' combining financial statements have been prepared according to Statement of Financial Accounting Standards (SFAS), No. 117, *Financial Statements of Not For Profit Organizations*.

Net asset categories

To ensure observance of limitations and restrictions placed on the use of resources available to the Agencies, the accounts are maintained in the following net asset categories:

Unrestricted

All of the Agencies' unrestricted net assets are for general use by the corporations.

Temporarily restricted

Temporarily restricted net assets represent costs of buildings, building renovations and vehicles acquired via donation or grant awards. The Agencies must utilize the respective properties to which these contributions or grants pertain in accordance with any restrictive covenants and for any designated time periods set forth as conditions of the awards. Where specific time frames have been stipulated for qualified use, assets are released from restriction either ratably over the period of restriction or in full at the period's end, in keeping with grantor restrictions. Where no designated time frame for qualified use has been set, assets are released from restriction in amounts equal to the annual depreciation taken over their useful lives in accordance with the Agencies' depreciation policies.

As of June 30, 2009, there are temporarily restricted net assets of \$530,655.

Grants and contracts

Grants and contracts are generally considered to be exchange transactions in which the grantor or contractor requires the performance of specified activities. Grants are reported under unrestricted net assets as defined above.

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Notes to Combining Financial Statements, Continued

Economic dependency

The operating revenue for the Agencies comes primarily from the State of Connecticut Departments of Developmental Services (DDS), Children and Families (DCF) and Social Services (DSS), the Social Security Administration (SSA), the Department of Labor (DOL) and the Department of Mental Health and Addiction Services (DMHAS). The economic viability of the Agencies is dependent on continuing to receive funding from those agencies. A significant reduction in the level of this support, if it were to occur, could have a major effect on the Agencies' ability to continue as ongoing concerns.

Cash equivalents

For purposes of the combining statement of cash flows, the Agencies consider all highly liquid accounts with an original maturity of three months or less as cash equivalents. For the year ended June 30, 2009, Marrakech, Inc. had cash equivalents of \$112,388 which consisted of a Certificate of Deposit with a local bank.

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 and disclosures. Accordingly, actual results could differ from those estimates.

Fixed assets and depreciation

The Agencies follow the practice of capitalizing at cost all expenditures for fixed assets with costs in excess of stated amounts as required by the Agencies' funding sources. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 3 to 30 years. Maintenance and repairs are charged to expenses as incurred.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by a donor is reported as an increase in unrestricted net assets if the donation is utilized for its restricted purposes in the reporting period in which the support is recognized. Deferred bond revenue is reported as discussed below. All other donor restricted support is recorded as an increase in temporarily restricted net assets,

depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combining statement of activities as net assets released from restriction, as described under "Net asset categories - temporarily restricted."

Deferred bond revenue

Contributions received by the Agencies under grant-in-aid bonding fund and other agreements, which finance the acquisition of property and stipulate that the property financed must be utilized under a certain time frame, are recorded as deferred bond revenue on the Agencies' statement of financial position. Revenue is recognized over the term of the stipulated time required. These bonding funds are payable back to the donor if the property ceases to be used as required under the funding agreement. Please see Note 10 for grant-in-aid funding received by the Agencies.

NOTE 2

THIRD-PARTY REIMBURSEMENT

Amounts received under state reimbursement agreements are subject to examination and retroactive adjustment by third-party payors. Any such adjustments could have a material effect on the financial position of the Agencies.

NOTE 3

CONCENTRATION OF CREDIT RISK

The Agencies maintain their cash balances within various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of the date of these financial statements. Such deposits at times have exceeded federal depository insurance limits, however, the Agencies have not experienced any losses in this area and management believes its cash deposits are not subject to significant credit risk.

A substantial portion of the Agencies' revenue is derived from cost reimbursement state contracts. Such funds are deemed to be earned and reported as revenues when the Agencies have incurred expenses in compliance with the specific contracts. Receivables are established to the extent costs have been incurred under the contracts but not reimbursed.

Because grants are evidenced by signed contracts with governments and other agencies, management believes there is nominal credit risk associated with these amounts and, therefore, no allowance for doubtful accounts is considered necessary.

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Notes to Combining Financial Statements, Continued

NOTE 4
PROFIT SHARING PLAN

The Agencies have adopted a profit sharing plan covering all full-time employees who are at least twenty-one years old and have worked for the Agencies for at least one year. Each participant's interest in the employer's contributions and the earnings thereon are vested 20% after three years of service with an additional 20% vesting for each additional year of service thereafter, up to the maximum vesting of 100%. The Board of Directors determines the amount of the contribution each fiscal year which is allocated to each participant in the same proportion as his or her compensation bears to the compensation of all participants. A total of \$519,626 has been accrued as a contribution to the plan for the year ended June 30, 2009.

NOTE 5
FIXED ASSETS

Fixed assets at June 30, 2009 consist of the following:

<u>Fixed Assets</u>	<u>Life in Years</u>	<u>Cost</u>
Furniture and equipment	5-25	\$ 1,040,816
Transportation equipment	3-5	2,277,348
Buildings, land and improvements	30	<u>11,566,901</u> 14,885,065
Less: accumulated depreciation		<u>4,486,587</u>
Net fixed assets		<u>\$10,398,478</u>

Depreciation expense was \$633,096 for the year ended June 30, 2009.

The carrying amount of property included above which is under construction as of June 30, 2009 and not being depreciated is \$365,416.

NOTE 6
RELATED PARTY TRANSACTIONS AND INTER-COMPANY ELIMINATIONS

In 1991, the Board of Directors of Marrakech, Inc. formed three sister corporations, Marrakech Residential Services, Inc., Marrakech Day Services, Inc. and Marrakech Housing Options, Inc.

Marrakech Residential Services, Inc. operates and manages residential programs licensed as Intermediate Care Facilities (ICF-MR's). Marrakech Housing Options, Inc. operates and manages residential programs licensed as Community Living

Arrangements (CLA's), Supported Living Arrangements (SLA's) and day programs funded by the Department of Developmental Services. Marrakech Day Services, Inc. provides day programs funded primarily by the Department of Mental Health and Addiction Services.

Marrakech, Inc., Marrakech Housing Options, Inc., Marrakech Day Services, Inc. and Marrakech Residential Services, Inc. rent residential and day program space from Marrakech, Inc. at a rate equal to Marrakech, Inc.'s costs.

Rent expense for each of the programs was as follows for the year ended June 30, 2009:

Hurd Road	\$ 31,768
Knollwood Drive	24,709
Ramsdell Street	9,543
Orange Crest	42,622
Branford House	29,392
Cortina Road	28,382
Stevenson Road	32,975
Lake Street	34,788
View Terrace	21,824
Englewood Drive	17,862
East Street	52,591
524-526 Whalley Avenue	117,500
Lunar Drive	137,075
Anton Circle	37,561
County Road	29,216
Migeon Street	21,934
Osborn Avenue	15,070
514-520 Whalley Avenue	8,011
Island Lane	324,414
Meetinghouse Hill Road	26,356
Talmadge Hill Road	41,283
106 Sherman	36,520
Sherman/Gilbert	75,253
Kreger Drive	45,077
Plainville	1,749
East Main, Bridgeport	18,600
New Milford	23,236
Lakeside Boulevard	20,303
Robbins Street	<u>41,237</u>
Total rent expense	<u>\$1,346,851</u>

Administrative and general expenses are allocated to various cost centers through a management fee charge. Management fees were charged to the various cost centers of Marrakech, Inc., Marrakech Housing Options, Inc., Marrakech Day Services, Inc. and Marrakech Residential Services, Inc. in the amounts of \$508,717, \$1,840,127, \$304,772, and \$241,458, respectively, for a total of \$2,895,074 for the year ended June 30, 2009.

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Notes to Combining Financial Statements, Continued

**Related party transactions and intercompany eliminations,
continued**

Maintenance fees are allocated to various cost centers through a maintenance fee charge. Maintenance fees totaling \$367,711 were charged to Marrakech, Inc., Marrakech Housing Options, Inc., Marrakech Day Services, Inc. and Marrakech Residential Services, Inc.

The corresponding income and expenses have been eliminated within the accompanying combining financial statements as they relate to intercompany rents, management fees and maintenance fees.

The Whalley Avenue Housing II Condominium Association, Inc.

As part of its mission to provide affordable housing, Marrakech sought and received funding to renovate an existing 3-family dwelling it owned at 514 Whalley Avenue, New Haven, Connecticut (and a portion of the adjacent property) into six affordable housing units.

The U.S. Department of Housing and Urban Development (HUD), the primary project funding source, requires that the housing units be legally encapsulated in a single-asset corporation. To accommodate this requirement, Whalley Avenue Housing II, Inc. (WH II), a Connecticut not-for-profit, non-stock corporation, was formed.

Because two of the new residential units were to be constructed on upper levels of the adjacent property, which is co-owned by Marrakech and zoned for use in commercial activities, the encapsulation required by HUD had to be accomplished through a condominium structure. Accordingly, on September 27, 2007, the Whalley Avenue Housing II Condominium Association, Inc. was organized as a Connecticut non-stock corporation. Of the eleven planned units, five are to be commercial and six residential. They will be owned, respectively, by Marrakech, Inc. and Whalley Avenue Housing II, Inc. who shall be responsible for electing the Association's governing body.

Whalley Avenue Housing II residential development

The residential units of the project were completed during the fiscal year ended June 30, 2009. The project cost as reported on Whalley Avenue Housing II, Inc.'s cost certification report to the Department of Housing and Urban Development (HUD) was \$1,677,600, including cost overruns.

Construction costs for the residential portion of the project's development had been substantially advanced by Marrakech,

Inc., as the project's sponsor, under an agreement whereby WH II would reimburse Marrakech as funding was secured from the project's various donors. Marrakech also transferred, at depreciated cost, the value of the existing residential units on its books in addition to a \$50,000 donation that had been received in a prior year towards the renovation project. Donors from whom project funding commitments were obtained were as follows:

Department of Housing and Urban Development Capital Advance	\$ 852,300
City of New Haven, Connecticut	150,000
State of Connecticut Department of Economic and Community Development (DECD)	266,455
State of Connecticut Department of Mental Health and Addiction Services (DMHAS) - see paragraph below under DMHAS funding	155,911
Private donation	<u>50,000</u>
Total funding	<u>\$1,474,666</u>

As of June 30, 2009, unreimbursed advances made by Marrakech on behalf of WH II totaled \$837,654, of which \$576,037 represents outstanding commitments from three of the above listed project funders (including DMHAS funding of \$155,911 which is discussed on the next page under DMHAS funding). The balance of \$261,617 is comprised primarily of unfunded development cost overruns which resulted from necessary and HUD-approved change orders on the project.

It is management's understanding that, based on the certified development cost, HUD will make every effort to provide supplemental funding to the project owner (WH II) in order to recover the cost overruns. This is a determination that will not be known, however, until the cost certification has been approved and all outstanding amounts from other funding sources have been received, whereupon the project will proceed to a final closing with HUD.

As WH II has no other means currently available to repay its remaining obligation to Marrakech without this supplemental HUD funding, and no such assurance of obtaining these funds has been received, management has elected to record a \$250,000 "bad debt" expense reserve against this doubtful receivable. If WH II should be awarded additional funding towards the project overruns, these funds would then be used to pay down all or part of the remaining obligation and reserved for unreimbursed advances from Marrakech.

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Notes to Combining Financial Statements, Continued

DMHAS funding

As indicated above, funding for the Whalley Avenue Housing II residential development includes a commitment from the State of Connecticut Department of Mental Health and Addiction Services. As this commitment was received prior to the formal legal existence of WH II, the grant-in-aid contract was executed by the State of Connecticut in favor of Marrakech Day Services, Inc. As such, management expects to receive this funding directly from the State of Connecticut rather than from WH II. Marrakech has therefore recorded a receivable from the State and has credited WH II with a reduction in the amount owed for construction expenditures as of June 30, 2009. The grant revenues have been recorded as

income in the statement of activities with a corresponding expense reflecting the transfer of the costs to WH II. As the project had been completed during the fiscal year, the expenditure of the grant has also been included in the supplemental information to these financial statements in the schedule of expenditures of state financial assistance and the schedule of findings and questioned costs. The funding has also been included within WH II's cost certification report as of December 31, 2008 submitted to the Department of Housing and Urban Development (HUD) as a reduction in project costs from grants and loans and as revenue and a receivable within the audited financial statements attached to the cost certification.

NOTE 7

LOANS PAYABLE

At June 30, 2009, the Agencies had loans payable as follows:

Corporation for Independent Living:

Demand note payable to CIL Realty, Inc. (CIL). This note is secured by all of the Agencies' contract rights and accounts receivable related to the Englewood Drive and Knollwood Drive group homes. Assuming that the Agencies are in compliance with all terms and covenants of the loan and realty leases with CIL, the principal of such loan will be forgiven when the associated group homes are donated to Marrakech, Inc. The homes are scheduled to be donated during the fiscal year ended June 30, 2011. This loan has been classified as a long-term liability. \$138,000

Working capital installment loan; collateralized by accounts receivable; payable monthly at \$486 including principal and interest at 8.5% per annum; due June 30, 2016. 30,457

People's United Bank:

On August 25, 2006, Marrakech refinanced two prior People's United Bank demand loans of \$121,276 and \$141,800 with an 8.45% per annum fixed rate note of \$263,076, repayable in equal monthly principal installments of \$4,385 plus interest through September 2011. This action was necessitated due to the commencement of scheduled 20% per annum reductions in the guarantees provided by the Connecticut Development Authority on the predecessor loans. At the date of refinance, the note was 60% guaranteed by the Connecticut Development Authority and secured by various non real estate assets of Marrakech's two group homes located at 20 Cortina Road, East Haven, Connecticut and 470 Stevenson Road, New Haven, Connecticut. As additional security, to compensate for the reduced Connecticut Development Authority's guarantees, Marrakech was also required to open and assign a \$100,000 certificate of deposit at People's United Bank. 114,000

State of Connecticut:

Various revolving loan funds with monthly installments currently totaling \$2,332 including principal and interest at an interest rate of 6% per annum; due dates ranging from July 2010 to October 2018. 82,291

JP Morgan Chase Bank:

Two loans collateralized by automobiles with monthly installments of \$432 and \$482 currently totaling \$914 including principal and interest at interest rates of 6.64% and 6.83%, respectively, per annum with due dates of May 2012 and March 2012, respectively. 27,410

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Notes to Combining Financial Statements, Continued

Loans payable, continued

Toyota Credit Corp.:

Loan collateralized by vehicle with monthly payments of \$514, including principal and interest at 6.96% per annum; due March 2013. \$ 20,303

New Alliance Bank:

On December 23, 2005, Marrakech, Inc. entered into a commercial term loan agreement for the purpose of financing the acquisition of vehicles and other items of personal property. A single loan of \$496,096 was taken under this arrangement which is being repaid in monthly principal and interest installments of \$9,867 through November 2010. The interest rate is fixed at 7.01%. The loan is secured by a first lien interest in the Agency's property acquired. 146,183

On May 11, 2007, Marrakech, Inc. entered into a commercial term loan agreement for the purpose of financing the acquisition of vehicles and other items of personal property and for general corporate purposes. A single loan of \$487,690 was taken under this arrangement which is being repaid in monthly principal and interest installments of \$9,680 through May 2012. The interest rate is fixed at 7.07%. The loan is secured by a first lien interest in the Agency's property acquired. 297,176

General Motors Acceptance Corp.:

Two loans collateralized by automobiles with monthly installments currently totaling \$1,134 including principal and interest at 9.15% each per annum; both loans are due November 2009. 4,451

Citizens Bank:

A revolving line of credit of \$1,250,000 guaranteed by each agency. Advances on this line of credit are payable on demand and bear interest at a variable rate under the note agreement. The interest rate at June 30, 2009 was 4.25% per annum. The agreement expires on September 30, 2010. 870,000

Less: current maturities 1,730,271

Total long-term loans payable 1,172,470

\$ 557,801

At June 30, 2009, the aggregate maturities of long-term loans payable for each of the next five years ending June 30 are:

2010	\$1,172,470
2011	229,139
2012	138,372
2013	20,647
2014	9,702

NOTE 8

MORTGAGES PAYABLE

At June 30, 2009, Marrakech, Inc. had mortgages payable as follows:

Citizens Bank:

Mortgage payable; collateralized by property located at 6 Lunar Drive, Woodbridge, Connecticut; payable monthly at \$2,880 including principal and interest at 5.9% per annum; due May 2012. The note specifies that interest is at a variable rate and may be adjusted every three years based on certain yields under United States Treasury Securities added to a base rate of 3.5%. \$ 81,009

Mortgage payable; collateralized by property located at 514-526 Whalley Avenue, New Haven, Connecticut; payable monthly at \$2,844 including principal and interest at 6.5% per annum; due September 2010. 268,921

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Notes to Combining Financial Statements, Continued

Mortgages payable, continued

CCO Mortgage Corp.:

Mortgage payable; collateralized by property located at 106-108 Hobart Street, New Haven, Connecticut; payable monthly at \$484 including principal and interest at 6.5% per annum; due September 2031. \$ 68,167

Mortgage payable; collateralized by property located at 615-617 Whalley Avenue, New Haven, Connecticut; payable monthly at \$338 including principal and interest at 8.25% per annum; due August 1, 2030. 40,545

Mortgage payable; collateralized by property located at 60 Plainfield Avenue, West Haven, Connecticut; payable monthly at \$270 including principal and interest at 8.25% per annum; due July 2030. 32,389

Mortgage payable; collateralized by property located at 106-108 Sherman Avenue, New Haven, Connecticut; payable monthly at \$903 including principal and interest at 4.25% per annum; due May 2018. 80,282

Mortgage payable; collateralized by property located at 158R Meetinghouse Hill Road, Durham, Connecticut; payable monthly at \$1,416 including principal and interest at 5.5% per annum; due March 1, 2036. 237,677

CCO Mortgage Corp.:

Mortgage payable; collateralized by property located at 27-29 Robbins Street, Waterbury, Connecticut; payable monthly at \$1,151 including principal and interest at 5.625% per annum; due May 1, 2036. 191,383

Mortgage payable; collateralized by property located at 85 Talmadge Hill Road, Prospect, Connecticut; payable monthly at \$2,395 including principal and interest at 5.875% per annum; due August 2036. 389,181

Mortgage payable; collateralized by property located at 88-90 Sherman Avenue, New Haven, Connecticut; payable monthly at \$1,891 including principal and interest at 5.625% per annum; due November 2036. 316,406

Mortgage payable; collateralized by property located at 25 Kreger Drive, Wolcott, Connecticut; payable monthly at \$1,917 including principal and interest at 5.625% per annum; due June 2037. 323,580

Connecticut Housing Finance Authority:

Mortgage payable; collateralized by property located at 92 Hurd Road, Trumbull, Connecticut; payable monthly at \$1,734 including principal and interest at 6.63% per annum; due October 2030. 237,352

Mortgage payable; collateralized by property located at 92 View Terrace, East Haven, Connecticut; payable monthly at \$1,740 including principal and interest at 6.63% per annum; due October 2030. 238,198

Mortgage payable; collateralized by property located at 2 Anton Circle, Bridgeport, Connecticut; payable monthly at \$2,425 including principal and interest at 5.75% per annum; due January 2033. 375,205

Mortgage payable; collateralized by property located at 21 Victor Hill Road, Branford, Connecticut; payable monthly at \$2,017 including principal and interest at 7.34% per annum; due September 2026. 236,488

Mortgage payable; collateralized by property located at 33 Lake Street, West Haven, Connecticut; payable monthly at \$2,343 including principal and interest at 6.93% per annum; due August 2027. 289,951

Wachovia Bank:

Mortgage payable; collateralized by property located at 597 East Street, New Haven, Connecticut; 85% of the loan is guaranteed by the U.S. Small Business Administration; payable monthly at \$1,999 including principal and interest that varies with the published prime rate, currently at 6.66% per annum; due October 2016. 137,285

Mortgage payable; collateralized by property located at 118 Migeon Avenue, Torrington, Connecticut; payable monthly at \$1,242 including principal and interest at 6.25% per annum; due June 2018. 102,008

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Notes to Combining Financial Statements, Continued

Mortgages payable, continued

Wachovia Bank:

Mortgage payable; collateralized by property located at 450 Island Lane, West Haven, Connecticut; payable monthly at \$10,957 including principal and interest at 7.15% per annum; due October 2021. \$1,069,700

Mortgage payable; collateralized by property located at 615-617 Whalley Avenue, New Haven, Connecticut; payable monthly at \$1,141 including principal and interest at 7.25% per annum; due August 2019. 98,831

State of Connecticut Department of Developmental Services:

Mortgage payable; collateralized by property located at 43 Ramsdell Street, New Haven, Connecticut; payable monthly at \$1,120 including principal and interest at 6% per annum; due March 2018. 91,315

Mortgage payable; collateralized by property located at 25 Kreger Drive, Wolcott, Connecticut; payable monthly at \$1,441 including principal and interest at 6% per annum; due July 2038. 237,386

Mortgage payable; collateralized by property located at 159 Osborn Avenue, New Haven, Connecticut; payable monthly at \$1,675 including principal and interest at 6% per annum; due June 2019. 150,696

TD Banknorth:

Mortgage payable; collateralized by property located in Bridgeport, Connecticut at 1041-1043 East Main Street, 1053-1057 East Main Street, 224 Beach Street and 426-436 Arctic Street payable monthly at \$3,210 including principal and interest at 7.10% per annum due December 2016. 434,174

Community Capital Fund (CCF):

Mortgage payable; collateralized by property located in Bridgeport, Connecticut at 1041-1043 East Main Street, 1053-1057 East Main Street, 224 Beach Street and 426-436 Arctic Street payable monthly at \$1,054 including principal and interest at 3% per annum beginning February 1, 2008. Prior to this, the note called for payments of interest only beginning on February 1, 2007. The note is due in January 2018.

244,016
5,972,145
237,257

Less: current maturities

Total long-term mortgages payable

\$5,734,888

At June 30, 2009, the aggregate maturities of long-term mortgage obligations for each of the next five years ending June 30 are as follows:

2010	\$237,257
2011	487,369
2012	235,184
2013	230,457
2014	223,695

Interest expense related to the above loans, capital leases and mortgages totaled \$494,774 for the year ended June 30, 2009.

NOTE 9
CASH ADVANCES

Cash totaling \$354,750 was advanced to Marrakech Housing Options, Inc. from the Connecticut Department of Developmental Services (DDS) representing the first month's

operating expenses for each of the residential programs. Each of these advances must be repaid if and when Marrakech Housing Options, Inc. no longer provides services under their respective facility license from DDS.

NOTE 10
CONTINGENCIES

Grant-in-aid/bond fund liens

During the fiscal year ended June 30, 2007, the City of New Haven, Connecticut acquired Marrakech's property at 95 Fitch Street, New Haven, Connecticut through its exercise of eminent domain. This property was subject to a prior grant-in-aid fund lien by the Department of Social Services and the Agency is liable for a percentage of the original funds awarded for renovations to the property, the amount of which is currently under negotiation. Management is also currently negotiating with the Department of Social Services for

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
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Notes to Combining Financial Statements, Continued

Grant-in-aid/bond fund liens, continued

additional grant-in-aid funds for the property acquired to replace its Fitch Street facilities which will include the consolidation of its liability for its prior award, once settled between the parties. As of June 30, 2009, \$120,000 has been recorded in "Due to grantors" on the combining statement of financial position to recognize this liability.

During the fiscal year ended June 30, 2007, the Agency received grant-in-aid funds from the Connecticut Department of Mental Health and Addiction Services totaling \$76,315. These funds were provided for alterations, repairs and improvements for properties located at 106 Sherman Avenue, New Haven, Connecticut and 524-526 Whalley Avenue, New Haven, Connecticut in the amount of \$58,215 and \$18,000, respectively. These facilities must be used for the program related purposes for which the awards were given for ten years under lien agreements made by Marrakech Day Services, Inc. and Marrakech Inc., respectively, with the State of Connecticut. The contingent liability for repayment of these funds decreases by 10% for each full year of qualified use of the properties.

During the fiscal year ended June 30, 2009, Marrakech, Inc. was awarded grant-in-aid bond funds totaling \$111,700 from the Connecticut Department of Developmental Services for roof and HVAC replacement and masonry repairs to Marrakech's day program property at 577 East Street, New Haven, Connecticut. This facility must be used for the program related purposes for the property for which the award was given for ten years under a lien agreement made by Marrakech, Inc. with the State of Connecticut. The contingent liability for repayment of these funds decreases by 10% for each full year of qualified use of the property.

During the fiscal year ended June 30, 2009, Marrakech, Inc. was also awarded grant-in-aid bond funds totaling \$321,500 from the Connecticut Department of Mental Health and Addiction Services (DMHAS) as reimbursement for development of their commercial property at 514-520 Whalley Avenue, New Haven, Connecticut. This facility must be used for the program related purposes for the property for which the award was given for ten years under a lien agreement made by Marrakech, Inc. with the State of Connecticut. The contingent liability for repayment of these funds decreases by 10% for each full year of qualified use of the property.

Restricted property

During the fiscal year ended June 30, 2007, Marrakech, Inc. acquired property at 1041-1043 and 1053-1057 East Main Street, Bridgeport, Connecticut, subject to restrictions related to loan funds previously obtained by the seller of the property and a lien in favor of the City of Bridgeport, Connecticut. As

part of the purchase of the property, Marrakech had assumed the sellers prior lien on the property of \$389,500 which will fully expire on June 24, 2012 upon meeting certain conditions of the grantor. These funds are included in temporarily restricted net assets which are discussed in Note 1.

Pending litigation

There is pending litigation against the State of Connecticut, Department of Developmental Services and Marrakech was named as an additional defendant. The demand from the plaintiff exceeds the Agency's insurance coverage of one million dollars. Management believes the outcome of the case will not have a material adverse effect on Marrakech's combined financial position, results of operations or liquidity.

**NOTE 11
OPERATING LEASES**

Leased facilities

The Agencies conduct a significant part of their operations from leased facilities. Lease commitments include leases which expire at various dates through August 2010 as well as certain leases which are on a month-to-month basis. In most of the leases, the Agencies are required to pay certain annual operating costs such as maintenance and insurance expenses. Total rent expense for the fiscal year ended June 30, 2009 was \$292,567. Capital leases with CIL Realty, Inc. are discussed subsequently.

At June 30, 2009 minimum rental payments due under operating leases for facilities for the next five years ended June 30 consist of the following:

2010	\$117,166
2011	42,949
2012	-
2013	-
2014	-

Marrakech, Inc. leases five homes from CIL Realty, Inc. for a lease term of 25 years. The minimum future rental commitments under these leases total \$680,956 as follows:

2010	\$105,419
2011	89,165
2012	89,165
2013	89,165
2014	<u>89,165</u>
	462,079
Thereafter	<u>218,877</u>
	<u>\$680,956</u>

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Notes to Combining Financial Statements, Continued

Leased facilities, continued

On January 1, 1988, the leases for Englewood Drive and Knollwood Drive residential properties were amended. The amendments extended each lease term to 25 years and stated that the respective properties under each lease agreement shall be donated to Marrakech, Inc. at the end of each respective lease term. The Orange Crest, Cortina Road and Stevenson Road property leases were written with the same terms at later dates. In order for the properties to be donated, Marrakech, Inc. must be in compliance with the terms of their leases.

The lease terms for the Englewood Drive and Knollwood Drive properties will expire in the fiscal year ended June 30, 2010, and Marrakech's lease commitment will cease at this time as well. CIL Realty has announced that they expect to begin the transfer of the homes they have leased to lessee organizations during the second or third quarter of the fiscal year ended June 30, 2011 when their financial obligations for the homes are satisfied. Management expects that Marrakech, Inc. will obtain title to these properties at that time.

Accounting principles generally accepted in the United States of America require "that if the leased property transfers ownership to the lessee by the end of the lease, it is to be classified as a capital lease. The lessee shall record a capital lease as an asset and an obligation at an amount equal to the present value at the beginning of the lease term."

However, it is the opinion of management that because of the tentative nature of the licensing arrangement of Marrakech, Inc., it may be misleading to show the properties as capital

assets as required by accounting principles generally accepted in the United States of America. Consequently, they have been recorded as operating leases in the accompanying combining financial statements.

Accounting principles generally accepted in the United States of America require that certain disclosures of lessee obligations be made. The following disclosure shows the effect on the combining statement of financial position and the combining statement of activities if the leased properties were capitalized by Marrakech, Inc. (See diagram 11.1. below).

**NOTE 12
COST SETTLEMENT**

Funding for direct service costs for Marrakech Housing Options, Inc.'s program is provided by the State Department of Developmental Services (DDS). According to State regulations, a cost settlement process will occur after the end of the year during which the Agency will be required to return 50% of the funds that were not used during the year to DDS.

Management has estimated a \$0 payback to DDS for the year ended June 30, 2009.

**NOTE 13
COMPENSATED ABSENCES**

The Agencies have a policy that enables employees to accumulate paid time off and carry it forward to the next fiscal year, thereby increasing benefits available in the following year. At June 30, 2009, \$278,316 was accrued for compensated absences.

Diagram 11.1

<u>Residence</u>	<u>Cumulative Effect on Statement of Financial Position</u>			<u>Effect on Current Year Statement of Activities</u>			
	<u>Net Increase in Property & Equipment</u>	<u>Increase in Debt</u>	<u>Increase in Net Assets</u>	<u>Decrease in Rent</u>	<u>Increase in Depreciation</u>	<u>Increase in Interest</u>	<u>Increase (Decrease) in Change in Net Assets</u>
Englewood Drive	\$ 64,424	\$ 4,140	\$ 60,284	\$ 16,861	\$ 4,596	\$ 1,368	\$10,897
Knollwood Drive	86,541	31,400	55,141	22,157	8,261	3,888	10,008
Cortina Road	178,751	169,643	9,108	26,045	10,499	15,704	(158)
Orange Crest	143,299	142,812	487	34,014	9,500	16,700	7,814
Stevenson Road	193,181	176,745	16,436	29,101	9,922	15,006	4,173
Totals	<u>\$666,196</u>	<u>\$524,740</u>	<u>\$141,456</u>	<u>\$128,178</u>	<u>\$42,778</u>	<u>\$52,666</u>	<u>\$32,734</u>

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Notes to Combining Financial Statements, Continued

**NOTE 14
FUND-RAISING**

Marrakech conducts various fund-raising activities during the year including various special events and appeals for donations. The total cost of fund-raising activities was \$67,830 for the year ended June 30, 2009 which included salary and benefits associated with Marrakech staff involved in fund-raising activities of \$20,321.

**NOTE 15
FAIR VALUE OF FINANCIAL ASSETS**

The Agencies adopted the provisions of SFAS No. 157 effective for the 2009 year for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP) and expands disclosures about fair value measurements.

SFAS No. 157 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. SFAS No. 157 establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety.

The FASB issued FASB Staff Position FSP 157-2 that delayed the effective date of SFAS 157 for all non-financial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis, until the beginning of our fiscal 2010 year. The Agencies' financial assets and liabilities adjusted to fair value at June 30, 2009 are its endowment fund. These assets and liabilities are subject to the measurement and disclosure requirements of SFAS 157. The Agencies adjust the value of these instruments to fair value each reporting period.

No adjustment to the Agencies' fund balances resulted from the adoption of SFAS 157. There was no gain or loss in market value pertaining to Marrakech's endowment fund.

The Agencies' endowment fund has been valued using the level one hierarchy under SFAS No. 157 which is based upon unadjusted quoted prices for identical instruments traded in active markets within the funds.

**NOTE 16
RESTATEMENT**

Marrakech, Inc. has adjusted its beginning balance of temporarily restricted net assets in order to reclassify \$125,100 of grant-in-aid bonding funds from temporarily restricted net assets to deferred revenue in the liabilities section of the statement of financial position in conformity with its presentation of bonding funds received in the current year.

The Agency has also reclassified \$194,600 of unamortized bond funds to unrestricted net assets, representing the amortizable amount of revenues not recognized in prior years.

The above changes had no effect on the Agency's current year recognition of revenues.

A tabular summary of the adjustments to the three line items on the statement of financial position as of the beginning of the fiscal year are as follows:

	As originally <u>stated</u>	<u>Change</u>	As <u>restated</u>
Deferred revenue	\$ 104,600	\$ 125,100	\$ 229,700
Unrestricted net assets	3,411,826	194,600	3,606,426
Temporarily restricted net assets	791,618	(319,700)	471,918

**NOTE 17
SUBSEQUENT EVENT**

As of the date of these financial statements, Marrakech has arranged for the financing of the construction of a 16 bed intermediate care facility for developmentally disabled individuals (ICF/MR) for which the State of Connecticut has awarded the Agency a contract for services to be rendered at the facility.

The construction loan agreement will allow the Agency to draw down funds up to \$2,700,000 as construction progresses. As required under the agreement with the bank, Marrakech has invested \$300,000 of its own capital in the development of the project and has committed \$500,000 to an interest bearing account to be held by the bank as additional collateral until the facility achieves profitability in its operations as defined in the agreement.

The opening of the facility is expected to occur in fiscal year 2011.

SUPPLEMENTARY INFORMATION

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Supporting Schedule of Non-Salary

For the year ended June 30, 2009

	Marrakech, Inc.	Marrakech Housing Options, Inc.	Marrakech Day Services, Inc.	Marrakech Residential Services, Inc.	Intercompany Eliminations	Combined Companies
Rent	\$ 484,363	\$ 993,294	\$ 305,819	\$ 108,493	\$ (1,346,851)	\$ 545,118
Utilities	343,272	245,378	65,232	39,349	-	693,231
Food and household supplies	31,907	255,131	62,179	47,194	-	396,411
Plant maintenance and repairs	302,427	298,077	10,048	55,173	(367,711)	298,014
Depreciation and amortization	377,473	213,457	22,323	20,221	-	633,474
Professional fees	174,247	-	-	-	-	174,247
Interest	441,448	47,600	2,268	3,458	-	494,774
Property taxes	76,001	28,239	-	22,928	-	127,168
Transportation	255,731	449,933	66,330	30,952	-	802,946
Consultants	75,661	460,657	3,988	169,816	-	710,122
Insurance	121,487	162,057	18,129	14,451	-	316,124
Advertising	68,548	36	75	-	-	68,659
Program supplies	148,512	83,475	38,097	8,317	-	278,401
Medical supplies	6,293	52,912	6,490	15,677	-	81,372
Equipment expenses	207,412	39,475	29,701	4,907	-	281,495
Training	132,970	6,185	6,464	242	-	145,861
Dues, fees, licenses	14,479	6,653	2,245	363	-	23,740
Miscellaneous	545,812	10,956	1,972	2,901	-	561,641
Total	\$ 3,808,043	\$ 3,353,515	\$ 641,360	\$ 544,442	\$ (1,714,562)	\$ 6,632,798

MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.

Supporting Schedule of Employee Benefits

For the year ended June 30, 2009

	Marrakech, Inc.	Marrakech Housing Options, Inc.	Marrakech Day Services, Inc.	Marrakech Residential Services, Inc.	Combined Companies
FICA	\$ 362,263	\$ 730,455	\$ 115,508	\$ 89,403	\$ 1,297,629
Health insurance benefits	365,032	716,912	114,821	88,345	1,285,110
Unemployment insurance	40,399	79,415	12,732	9,620	142,166
Workers' compensation insurance	90,282	181,667	29,570	22,457	323,976
Miscellaneous	52,455	17,360	2,354	1,961	74,130
Pension expense	145,461	292,022	46,370	35,773	519,626
Total	\$ 1,055,892	\$ 2,017,831	\$ 321,355	\$ 247,559	\$ 3,642,637

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Notes to the Schedule of Expenditures of State Financial Assistance

For the year ended June 30, 2009

Various departments and agencies of the State of Connecticut have provided financial assistance to Marrakech, Inc., Marrakech Housing Options, Inc., Marrakech Day Services, Inc. and Marrakech Residential Services, Inc. through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including Community Living Arrangements, Day Services, Family Support Services, Respite Services and General Assistance.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Marrakech, Inc., Marrakech Housing Options, Inc., Marrakech Day Services, Inc. and Marrakech Residential Services, Inc. conform to generally accepted accounting principles as applicable to not-for-profit agencies. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of accounting

The financial statements contained in Marrakech, Inc.'s, Marrakech Housing Options, Inc.'s, Marrakech Day Services, Inc.'s and Marrakech Residential Services, Inc.'s annual audit report are prepared on the modified accrual basis of accounting. The following is a summary of such basis:

- Revenues are recognized when earned.
- Expenditures are recorded when incurred.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

NOTE 2

FUNDING CONTRACT RECEIVED BY MARRAKECH DAY SERVICES, INC. AS SPONSOR OF WHALLEY AVENUE HOUSING II RESIDENTIAL PROJECT

As indicated in Note 6 of the attached financial statements, funding for the Whalley Avenue Housing II residential development (WH II) included a commitment from the State of Connecticut Department of Mental Health and Addiction Services. As this commitment was received prior to the formal legal existence of WH II, the grant-in-aid contract was executed by the State of Connecticut in favor of Marrakech Day Services, Inc. As such, management expects to receive this funding directly from the State of Connecticut rather than from WH II. Marrakech has therefore recorded a receivable from the State and has credited WH II with a reduction in the amount owed for construction expenditures as of June 30, 2009. The grant revenues have been recorded as income in the statement of activities with a corresponding expense reflecting the transfer of the costs to WH II. As the project had been completed during the fiscal year, the expenditure of the grant has also been included in the schedule of expenditures of state financial assistance and the schedule of findings and questioned costs. The funding has also been included within WH II's cost certification report as of December 31, 2008 submitted to the Department of Housing and Urban Development (HUD) as a reduction in project costs from grants and loans and as revenue and a receivable within the audited financial statements attached to the cost certification.

MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.

Supporting Schedule of Operating Revenue

For the year ended June 30, 2009

	Marrakech, Inc.	Marrakech Housing Options, Inc.	Marrakech Day Services, Inc.	Marrakech Residential Services, Inc.	Intercompany Eliminations	Combined Companies
Department of Developmental Services	\$ -	\$ 14,666,475	\$ -	\$ -	\$ -	\$ 14,666,475
Department of Social Services	-	1,101,295	-	2,304,538	-	3,408,833
Management fee	2,895,074	-	-	-	(2,895,074)	-
Maintenance fee	367,711	-	-	-	(367,711)	-
Caning revenue	20,601	-	-	-	-	20,601
Rental intercompany	1,346,851	-	27,769	-	(1,346,851)	226,351
Rental revenue	198,582	-	-	-	-	4,242,121
Supported employment	4,242,121	-	-	-	-	1,420,299
Private pay	-	1,420,299	-	-	-	2,661,480
DMHAS	-	-	2,661,480	-	-	479,921
DCF Work/Learn	479,921	-	-	-	-	62,554
HSTP revenue	62,554	-	-	-	-	334,743
BRS revenue	334,743	-	-	-	-	187,090
Other revenue	140,152	1,257	45,687	-	-	-
Total operating revenue	\$ 10,088,310	\$ 17,189,326	\$ 2,734,936	\$ 2,304,538	\$ (4,609,636)	\$ 27,707,474

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Schedule of Expenditures of State Financial Assistance

For the year ended June 30, 2009

State Grantor Pass-Through Grantor <u>Program Title</u>	<u>State CORE - CT Number</u>	<u>Expenditures</u>
Department of Developmental Services (DDS):		
Community Living Arrangements	11000-DDS50000-16122	\$ 7,727,595
Community Training Home Support	11000-DDS50000-16122	291,741
Supported Living Arrangements	11000-DDS50000-16122	3,154,906
Day Services	11000-DDS50000-16108	3,456,982
Grant-in-Aid	12052-DDS50000-42858	111,700
Fee for Service (waiver)	11000-DDS50000-unknown	939,402
Nonprofit Heating Assistance	11000-DDS50000-12101	5,038
Nonprofit Heating Assistance	11000-DDS50000-16108	8,641
Nonprofit Heating Assistance	11000-DDS50000-16122	35,589
Department of Mental Health and Addiction Services:		
Psychiatric and Mental Health Services	11000-MHA53000-16053	406,083
Employment Opportunities	11000-MHA53000-16070	486,119
Managed Service System	11000-MHA53000-12157	22,285
Support Program for Shared Populants	11000-MHA53000-90231	1,429,245
Discharge and Diversion Services	11000-MHA53000-12330	30,029
DDAP Data Collection	11000-MHA53000-12297	3,000
Young Adult Services	11000-MHA53000-12250	236,875
Grant-in-Aid	Unknown	321,500
Grant-in-Aid	Unknown	155,911
Department of Social Services:		
Bureau of Rehabilitation Services	11000-DSS60771-16004	164,483
Bureau of Rehabilitation Services	11000-DSS60150-10020	45,519
Department of Labor:		
Passed-through Northwest Regional Workforce Investment Board, Waterbury, Connecticut: TANF Job Reorganization	11000-DOL40000-12359	87,500
Passed-through Workforce Alliance, New Haven, Connecticut: Jobs First Employment Service	11000-DOL40000-12212	12,163
Board of Education and Services for the Blind:		
Enhanced Employment Opportunities	Unknown-12301	92,796
Vocational Services	Unknown-30056	86,117
Vocational Services	Unknown-35149	15,337
Department of Children & Families:		
Work Learn Program	1100-DCF91110-16135	379,600
Work Learn Program	1100-DCF91110-16120	244,030
Judicial Branch, Court Support Services Division:		
Passed-through State of Connecticut Department of Children & Families: Work Learn Program	Unknown-90496	<u>133,370</u>
		<u>\$20,083,556</u>

SUPPLEMENTARY REPORTS



GUILMARTIN ▪ DIPIRO ▪ SOKOLOWSKI LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Directors
Marrakech, Inc., Marrakech Housing Options, Inc.,
Marrakech Day Services, Inc. and Marrakech Residential Services, Inc.:

We have audited the combining financial statements of Marrakech, Inc., Marrakech Housing Options, Inc., Marrakech Day Services, Inc. and Marrakech Residential Services, Inc. (the Company) as of and for the year ended June 30, 2009, and have issued our report thereon dated January 29, 2010. In our report, our opinion on the financial statements was qualified because as discussed in Note 11 to the financial statements, the Organizations have excluded the effects of lease obligations from property and debt in the accompanying combining statement of financial position. Accounting principles generally accepted in the United States of America require that such obligations be included in the combining statement of financial position. 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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Company's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Company's financial statements that is more than inconsequential will not be prevented or detected by the Company's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, 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 the audit committee, management, the Board of Directors, the Office of Policy and Management and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gulimatin Dillon + Sokolowski, LLC

Middletown, Connecticut
January 29, 2010



GUILMARTIN ▪ DIPIRO ▪ SOKOLOWSKI LLC

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT**

The Board of Directors
Marrakech, Inc., Marrakech Housing Options, Inc.,
Marrakech Day Services, Inc. and Marrakech Residential Services, Inc.:

Compliance

We have audited the compliance of Marrakech, Inc., Marrakech Housing Options, Inc., Marrakech Day Services, Inc. and Marrakech Residential Services, Inc. (the Company) with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2009. The major state 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 state programs is the responsibility of the Company's management. Our responsibility is to express an opinion on 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 the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 state program occurred. An audit includes examining, on a test basis, evidence about the Company'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 of the Company's compliance with those requirements.

In our opinion, the Company complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Company is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the Company's internal control.

Our consideration of the 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 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 Board of Directors, management, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Guilmartin Dillon + Sokolowski, LLC.

Middletown, Connecticut
January 29, 2010

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Schedule of Findings and Questioned Costs

For the year ended June 30, 2009

1. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:

Qualified

Internal control over financial reporting:

_____ Yes x No

Material weakness(es) identified?

- Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ Yes x None reported

- Noncompliance material to financial statements noted?

_____ Yes x No

State Financial Assistance

Internal control over major programs:

_____ Yes x No

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ 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 4-236-24 of the Regulations to the State Single Audit Act?

_____ Yes x No

The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State CORE - CT Number</u>	<u>Expenditures</u>
Department of Developmental Services:		
Community Living Arrangements (CLA)	11000-DDS50000-16122	\$7,727,595
Community Training Home Support	11000-DDS50000-16122	291,741
Supported Living Arrangements	11000-DDS50000-16122	3,154,906
Day Services	11000-DDS50000-16108	3,456,982
Grant-in-Aid	12052-DDS50000-42858	111,700
Fee for Service (waiver)	11000-DDS50000-unknown	939,402
Nonprofit Heating Assistance	11000-DDS50000-16108	8,641
Nonprofit Heating Assistance	11000-DDS50000-16122	35,589
Department of Mental Health and Addiction Services:		
Psychiatric and Mental Health Services	11000-MHA53000-16053	406,083
Employment Opportunities	11000-MHA53000-16070	486,119
Support Program for Shared Populants	11000-MHA53000-90231	1,429,245
Young Adult Services	11000-MHA53000-12250	236,875
Grant-in-Aid	Unknown	321,500
Grant-in-Aid	Unknown	155,911
Department of Social Services:		
Bureau of Rehabilitation Services	11000-DSS60771-16004	164,483
Department of Children & Families:		
Work Learn Program	1100-DCF91110-16135	379,600
Work Learn Program	1100-DCF91110-16120	244,030

**MARRAKECH, INC., MARRAKECH HOUSING OPTIONS, INC.,
MARRAKECH DAY SERVICES, INC. AND MARRAKECH RESIDENTIAL SERVICES, INC.**

Schedule of Findings and Questioned Costs, Continued

Major programs included in the audit, continued

<u>State Grantor and Program</u>	<u>State CORE - CT Number</u>	<u>Expenditures</u>
Judicial Branch, Court Support Services Division: Passed-through State of Connecticut Department of Children & Families: Work Learn Program	Unknown-90496	\$ 133,370

2. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated January 29, 2010, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies.

3. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported related to State Financial Assistance Programs.