Consolidated Financial Statements
September 30, 2015

Marc Community Resources, Inc. and Affiliates

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Marc Community Resources, Inc. and Affiliates
Mesa, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Marc Community Resources, Inc. (a nonprofit organization) and Affiliates (collectively, the Organization), which comprise the consolidated statement of financial position as of September 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the 15-month period ended September 30, 2015, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Marc Community Resources, Inc. and Affiliates as of September 30, 2015, and the changes in net assets and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

1850 N. Central Ave., Ste. 400 | Phoenix, AZ 85004-4624 | T 602.264.5844 | F 602.277.4845 | EOE

Other Matter – Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental schedules on pages 24-28 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 28 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information was not subjected to the auditing procedures and accordingly, we do not express an opinion on the supplementary information referred to above.

Eide Bailly LLP

Phoenix, Arizona
June 23, 2016

Assets	
Cash and cash equivalents	$ 10,917,640
Consumer trust funds	73,010
Accounts receivable, net	1,593,037
Due from related parties	97,170
Contributions receivable, net	149,796
Prepaid expenses and other	431,846
Investments	725,374
Investments in affiliates	314,873
Certificates of deposit	250,568
Property and equipment, net	26,288,439
Bond issuance costs, net	157,969
Deposits	85,469
Total assets	$ 41,085,191
Liabilities and Net Assets	
Liabilities	
Consumer trust funds	$ 73,010
Accounts payable	663,371
Accrued liabilities	2,334,823
Deferred revenue	2,832,088
Derivative financial instrument	546,922
Notes payable	257,550
Bonds payable	8,878,164
Total liabilities	15,585,928
Net Assets	
Unrestricted	19,458,572
Temporarily restricted	6,030,691
Permanently restricted	10,000
Total net assets	25,499,263
Total liabilities and net assets	$ 41,085,191

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue, Support and Gains (Losses)				
Governmental				
Arizona Department of Economic Security	$ 14,225,865	$ -	$ -	$ 14,225,865
Arizona Department of Health Services	18,247,304	-	-	18,247,304
Arizona Department of Transportation	54,450	-	-	54,450
City of Mesa	36,875	-	-	36,875
Total governmental revenue	32,564,494	-	-	32,564,494
Other				
Service contracts	636,746	-	-	636,746
Service fees	778,432	-	-	778,432
United Way contributions	-	46,096	-	46,096
Other contributions	219,213	267,829	-	487,042
Interest income	23,654	69	-	23,723
Gain (loss) on disposition of property and equipment	43,174	-	-	43,174
Rental income	853,403	-	-	853,403
Loss from investments in affiliates	(290,928)	-	-	(290,928)
Change in value of derivative financial instrument	(42,059)	-	-	(42,059)
Other	961,754	-	-	961,754
Total other revenue and gains (losses)	3,183,389	313,994	-	3,497,383
Total revenue, support and gains (losses)	35,747,883	313,994	-	36,061,877
Net assets released from restrictions	52,031	(52,031)	-	-
Expenses				
Program services				
Residential	8,079,751	-	-	8,079,751
Employment services	5,914,588	-	-	5,914,588
Day services	7,368,293	-	-	7,368,293
Home services	5,798,690	-	-	5,798,690
Other housing	734,595	-	-	734,595
Outpatient clinic	2,084,464	-	-	2,084,464
Total program services	29,980,381	-	-	29,980,381
Supporting activities				
Management and general	5,277,940	-	-	5,277,940
Fundraising	63,567	-	-	63,567
Total supporting activities	5,341,507	-	-	5,341,507
Total expenses	35,321,888	-	-	35,321,888
Change in Net Assets	478,026	261,963	-	739,989
Net Assets, Beginning of Period	18,980,546	5,768,728	10,000	24,759,274
Net Assets, End of Period	$ 19,458,572	$ 6,030,691	$ 10,000	$ 25,499,263

	Program Services							Supporting Activities		
	Residential	Employment Services	Day Services	Home Services	Other Housing	Outpatient Clinic	Total Program Services	Management and General	Fundraising	Total Supporting Activities
Salaries	$ 5,023,360	$ 3,685,887	$ 4,380,125	$ 3,984,953	$ 1,840	$ 1,561,897	$ 18,638,062	$ 2,830,562	$ 33,435	$ 2,863,997
Employee-Related Expenses	893,850	538,656	737,610	567,378	202	252,204	2,989,900	680,070	7,470	687,540
Occupancy	816,302	327,038	725,297	276,451	329,834	98,530	2,573,452	246,747	5,093	251,840
Professional Fees	134,769	99,527	105,723	356,636	54,757	29,760	781,172	295,280	52	295,332
Transportation	395,257	221,310	399,225	126,920	-	8,678	1,151,390	162,502	3,024	165,526
Supplies	231,662	349,277	307,978	126,456	13,020	44,466	1,072,859	384,572	5,576	390,148
Equipment Rental	23,984	69,455	62,399	21,702	-	13,557	191,097	52,182	1,734	53,916
Depreciation	279,104	472,026	523,177	224,195	314,108	41,058	1,853,668	179,944	3,043	182,987
Other Expenses	281,463	151,412	126,759	113,999	20,834	34,314	728,781	446,081	4,140	450,221
Total expenses	$ 8,079,751	$ 5,914,588	$ 7,368,293	$ 5,798,690	$ 734,595	$ 2,084,464	$ 29,980,381	$ 5,277,940	$ 63,567	$ 5,341,507

Operating Activities	
Change in net assets	$ 739,989
Adjustments to reconcile net assets to net cash provided by operating activities	
Amortization of discount on long-term contributions receivable	(11,285)
Amortization of bond issuance costs	24,209
Net unrealized gain on investments	52,542
Change in value on derivative financial instruments	42,059
Net loss from investments in affiliates	223,901
Depreciation	2,036,659
Donated property and equipment	(446,537)
Net gain on disposition of property and equipment	(43,174)
Change in allowance for doubtful accounts	(69,213)
Change in allowance for uncollectible contributions receivable	120,169
Change in assets and liabilities	
Accounts receivable	247,775
Due from related parties	(25,021)
Contributions receivable	170,191
Prepaid expenses and other	(199,018)
Deposits	40,309
Accounts payable	(324,229)
Accrued liabilities	43,319
Deferred revenue	2,354,985
Net Cash from Operating Activities	4,977,630
Cash Flows from Investing Activities	
Purchases of investments	(331,068)
Proceeds from sale of investments	-
Proceeds from disposition of property and equipment	135,325
Purchases of property and equipment	(2,084,215)
Net Cash used for Investing Activities	(2,279,958)
Cash Flows from Financing Activities	
Payments on notes payable	(141,713)
Bond issuance cost	7,566
Proceeds from borrowings on bonds payable	2,283,015
Payments on bonds payable	(268,997)
Net Cash from Financing Activities	1,879,871
Net Change in Cash and Cash Equivalents	4,577,543
Cash and Cash Equivalents, Beginning of Period	6,340,097
Cash and Cash Equivalents, End of Period	$ 10,917,640
Supplmental Disclosure of Cash Flow Information	
Cash paid for interest	$ 405,000

Note 1 - Nature of Operations and Significant Accounting Policies

Nature of Operations

Marc Community Resources, Inc. and Affiliates (Marc Community) is a nonprofit corporation, incorporated in the state of Arizona on August 6, 1957 to provide places of residence, employment services, training, education, rehabilitation, and behavioral health services for developmentally disabled children and adults, as well as people with severe mental illness. Marc Community provides services throughout primarily Maricopa County, Arizona. During the year ended June 30, 2010, Marc Community acquired Advocates for the Disabled, Inc. (Advocates) by an action by the Board of Directors of Advocates granting Marc Community the sole power to appoint directors to the Advocates' Board.

TecMarc, Inc. (TecMarc) is an Arizona corporation and was incorporated in March 2008 to conduct the business of information technology sales and support and property management services. TecMarc has 1,000 shares of authorized common stock, all of which have been issued to Marc Community at $1 per share.

The Foundation for People with Disabilities (the Foundation) is a nonprofit corporation, incorporated in the state of Arizona on January 29, 1988, to provide housing for disabled individuals in residential settings and employment training facilities throughout Maricopa County. Marc Community is the sole member of the Foundation's Board of Directors. During the year ended June 30, 2010, the Foundation transferred substantially all of its property to Marc Community to facilitate the completion of bond financing.

The Village at Oasis Park — Phase I, Inc. (the Village) is a nonprofit corporation and was incorporated in the state of Arizona in October 2009 to provide housing for disabled individuals. The Village's Board of Directors consists of the Executive Committee of Marc Community and other individuals selected by the Executive Committee of Marc Community.

The Village at Oasis Park — Phase II, Inc. (the Village II) is a nonprofit corporation and was incorporated in the state of Arizona in August 2010 to provide housing for disabled individuals. The Village II's Board of Directors consists of the Executive Committee of Marc Community and other individuals selected by the Executive Committee of Marc Community.

The Organization changed their fiscal year-end from June 30 to September 30 during the current period.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Marc Community, Advocates, TecMarc, the Foundation, the Village, and the Village II (collectively, the Organization). All significant inter-organization transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Investments

The Organization reports investments in equity securities that have readily determinable fair values, and all investments in debt securities, at fair value. Investments at September 30, 2015 totaled approximately $725,000, all of which were invested in mutual funds. Net investment income is reported in the statement of activities and consists of interest and dividend income and realized and unrealized gains and losses.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to the short-term nature of the items. The carrying value of promises to give due in more than one year is based on the discounted net present value of the expected future cash receipts, and approximates fair value. The fair values of bonds and notes payable are based on the stated interest rates, and approximate their carrying values.

Property and Equipment

Purchased property and equipment over $5,000 is stated at cost. Property acquired by gift is stated at estimated fair value at the date of the contribution. Depreciation is provided using the straight-line method over estimated useful lives ranging from four to twenty-five years. In the absence of donor restrictions on how gifts of long-lived assets must be used, the Organization does not imply time restrictions on such contributions.

Deferred Revenue

Each month, the Organization receives block payment funding for behavioral health services from the Regional Behavioral Health Authority (RBHA) in Maricopa County. These funds are considered earned if total service claims generated equal or exceed the block payments. If service claims are insufficient, the RBHA has the contractual right to recoup the funding or characterize the deficiency as deferred revenue with an authorization to use the funding in the next fiscal year. For the period ended September 30, 2015, the Organization has a service claim deficiency balance of approximately $2,700,000.

Governmental Revenue

The Organization has contracts with state governmental agencies and various insurance companies to provide services to clients with developmental disabilities and severe mental illness. Revenue from these contracts is recognized as the services are performed.

Contributions

Contributions of cash or other assets are recognized as revenue when received at the estimated fair value on the date of contribution. Promises to give are recognized as revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. Promises to give that are received with conditions are not recognized until those conditions are substantially met, unless the likelihood that the Organization will not fulfill the conditions is remote, in which case the contribution is recognized when the promise is made. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Organization's Board of Directors.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreements.

Fundraising Costs

All fundraising costs are expensed in the period incurred.

Income Tax Status

Marc Community, Advocates, the Foundation, the Village, and the Village II are organized as Arizona nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). They qualify for charitable contributions under Section 170. Marc Community, Advocates, the Foundation and the Village have been determined not to be a private foundation under Section 509(a)(2), 509(a)(1), 509(a)(3) and 509(a)(3), respectively. Management has determined the Village II is not a private foundation in accordance with Section 509(a)(3). The organizations are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Advocates, the Foundation, the Village and the Village II have determined they have no unrelated business taxable income and have not filed the Exempt Organization Business Income Tax Returns (IRS Form 990-T), or its Arizona equivalent, Form 99-T. Marc Community has unrelated business taxable income and has filed the Exempt Organization Business Income Tax Returns (IRS Form 990-T), and its Arizona equivalent, Form 99-T.

TecMarc accounts for income taxes under the liability method pursuant to income tax accounting guidance. Under the liability method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax basis of assets and liabilities using the enacted rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established against the deferred tax asset for the uncertainty of TecMarc's ability to use the net operating tax loss carryforwards in the future.

Management believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The organizations would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. Marc Community and TecMarc's income tax filings required by federal and state authorities are no longer subject to tax examination for years ending before June 30, 2012.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited, determined by specific identification and estimates of time spent and benefits derived.

Estimates

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

Subsequent Events

Subsequent events were evaluated by management through June 23, 2016, the date on which the consolidated financial statements were available to be issued. There were no events or transactions occurring after September 30, 2015, but prior to June 23, 2016, that provided additional evidence about conditions that existed at September 30, 2015.

Note 2 - Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a charge to earnings and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. Accounts receivable are considered past due 30 days after the invoice date. Accounts receivable past due 30 days or more totaled approximately $102,000 at September 30, 2015. The Organization does not require collateral on accounts receivable balances and does not generally charge interest on past due balances. At September 30, 2015, the allowance was approximately $50,000.

Note 3 - Contributions Receivable

Contributions receivable at September 30, 2015 were $149,796. All contributions receivable were due in less than one year and management has determined that there is no allowance for noncollectible contributions.

Note 4 - Conditional Promises to Give

During the years ended June 30, 2007 and 2006, the Organization received conditional promises to give as part of agreements with Value Options (Magellan replaced Value Options as the RBHA contracted for Maricopa County during the year ended June 30, 2008. Magellan was replaced by Mercy Maricopa Integrated Care during the year ended June 30, 2014). Under the 2007 agreement, unrestricted title to two single-family residences, with an estimated value of $607,000 at the date of the agreements, will be transferred to the Organization if certain conditions are met. Under the 2006 agreement, unrestricted title to one single-family residence, with an estimated value of $300,000 at the date of the agreement, will be transferred to the Organization if certain conditions are met. The condition for the transfer of title is that the Organization functions as landlord of the residences for a period of twenty-five years. During this period, the Organization will collect rent from the tenants and will be responsible for repairs and maintenance on the residences. Once all conditions have been met, the Organization will recognize the fair value of the property in the consolidated financial statements.

During the year ended June 30, 2002, the Organization received a conditional promise to give as part of an agreement with Value Options. Under the agreement, unrestricted title to a 12-unit apartment building will be transferred to the Organization if certain conditions are met; the estimated value of the property was $450,000 at June 30, 2002. The condition for the transfer of title is that the Organization functions as landlord of the building for a period of fifteen years. During this period, the Organization will collect rent from the tenants and will be responsible for repairs and maintenance on the building. Under a separate agreement with Magellan, the Organization provides services to the tenants of the building. Once all conditions have been met, the Organization will recognize the fair value of the property in the consolidated financial statements.

Note 5 - Property and Equipment

Property and equipment consisted of the following at September 30, 2015:

Land	$ 4,379,177
Buildings	25,953,274
Leasehold improvements	1,900,247
Vehicles	1,316,445
Furniture and equipment	3,553,459
Construction in progress	40,650
Total property and equipment	37,143,252
Less accumulated depreciation	(10,854,813)
Property and equipment, net	$ 26,288,439

Depreciation expense for the year ended September 30, 2015 totaled approximately $2,037,000.

In November 2008, the City of Mesa transferred title to one residential property and one commercial property to the Organization. Approximately $270,000 of temporarily restricted contribution revenue was recognized by the Organization during the year ended June 30, 2009 related to the transfer of these properties. The transfer agreements stipulated that the properties must be used in qualifying programs for five years from the date of the transfers. In addition, the Organization was required to sign two promissory notes to the City of Mesa totaling $399,000, which will be forgiven at the end of the five year period if the Organization has used the properties as required. The notes do not accrue interest and the Organization is not required to make any payments. Since the Organization believes that the probability of triggering any payments on this note is highly remote, the $399,000 has not been recorded as a liability in the accompanying consolidated statement of financial position. During the period ended September 30, 2015, the Organization released the restriction on these properties as the five year qualifying period ended.

In June 2010, the City of Mesa transferred title to two residential properties to the Organization. The transfer agreements stipulate that the properties must be used as affordable rental housing and that the properties cannot be sold without written approval from the City of Mesa for twenty years from the date of the transfers. Approximately $233,000 of temporarily restricted contribution revenue was recognized by the Organization during the year ended June 30, 2010 related to the transfer of these properties.

In April 2011, the City of Mesa transferred title to four residential properties to the Organization. The transfer agreements stipulate that the properties must be used as affordable rental housing and that the properties cannot be sold without written approval from the City of Mesa for twenty years from the date of the transfers. Approximately $355,000 of temporarily restricted contribution revenue was recognized by the Organization during the year ended June 30, 2011 related to the transfer of these properties.

Note 6 - Investments in Affiliates

The balance of investments in and receivables from affiliates consisted of the following at September 30, 2015:

Partners in Recovery, LLC	
Original investment in Partners in Recovery, LLC (PIR)	$ 105,915
Marc Community's share of accumulated PIR net income	194,567
	300,482
FCS Premier, LLC	
Original investment in FCS Premier, LLC (FCS)	55,000
Due from FCS	359,237
Marc Community's share of accumulated FCS net losses	(442,419)
Losses in excess of investment and receivables	28,182
	-
Behavioral Health Information Network of AZ (BHINAz)	
Original investment in BHINAz	300,000
Marc's share of accumulated BHINAz net income	(326,297)
Losses in excess of investment	26,297
	-
Western Health and Wellness	
Original investment in Western Health and Wellness	15,000
Marc Community's share of accumulated Western Health and Wellness net losses	(609)
	14,391
Total investments in affiliates	$ 314,873

Partners in Recovery, LLC

During the year ended June 30, 2009, Marc Community entered into an investment in PIR, a nonprofit organization, in order to provide behavioral health services. PIR is one of four Provider Network Organizations (PNO) that is contracted with the Regional Behavioral Health Authority (RBHA) to provide behavioral health services to adults in Maricopa County. The RBHA contracted by the Arizona Department of Health Services for Maricopa County changed during the year ended September 30, 2015 from Magellan Health Services of Arizona, Inc. (Magellan) to Mercy Maricopa Integrated Care (Mercy Maricopa). Marc Community had a 50% membership interest in PIR for the year ended June 30, 2013. This membership interest decreased to 33.3% during the year ended June 30, 2014 when a new member was added to PIR. While Marc Community does not have control of PIR, it does have the ability to exercise significant influence over PIR and has an ongoing economic interest in the net assets of PIR. Accordingly, the Organization reports Marc Community's interest in the net assets of PIR, as well as any change in the net assets of PIR, in a manner similar to the equity method of accounting for investments in common stock.

Marc Community's investment in PIR at September 30, 2015 was approximately $300,000, which includes Marc Community's original investment of approximately $106,000, plus Marc Community's share of PIR's change in net assets of approximately $12,000 for the period ended September 30, 2015.

Summarized financial statement information of PIR as of and for the year ended September 30, 2015 is as follows:

	Audited
Statement of Financial Position	
Total assets	$ 7,417,390
Total liabilities	$ 6,668,535
Unrestricted net assets	748,855
Total liabilities and unrestricted net assets	$ 7,417,390
Statement of Activities	
Revenue	$ 30,901,623
Expenses	
Program services	29,579,845
Supporting activities	1,284,307
Total expenses	30,864,152
Change in unrestricted net assets	37,471
Marc Community's ownership percentage	33.3%
Marc Community's share of change in net assets	$ 12,489

FCS Premier, LLC

During the year ended June 30, 2010, Marc Community entered into an investment in FCS, a newly-formed Arizona limited liability company, in order to provide food services training opportunities for people with disabilities at a corporate office building. Marc Community has a 50% membership interest in FCS. While Marc Community does not have control of FCS, it does have the ability to exercise significant influence over FCS and has an ongoing economic interest in the net assets of FCS. Accordingly, the Organization reports Marc Community's interest in the net assets of FCS, as well as any changes in the net assets of FCS, in a manner similar to the equity method of accounting for investments in common stock. Marc Community's initial capital contribution was $50,000 and an additional $5,000 was paid in during the year ended June 30, 2013.

Marc Community has recorded its 50% share of FCS' losses. For the period ended September 30, 2015, Marc Community recorded a net loss of approximately $53,000 and reduced any outstanding receivables from FCS by the accumulated losses, which has resulted in an accrued liability on the consolidated statement of financial position of approximately $83,000. There were no distributions to the members during the period ended September 30, 2015. There were no distributions to the members during the year ended September 30, 2015.

Summarized financial statement information of FCS as of and for the year ended September 30, 2015 is as follows:

	Unaudited
Balance Sheet	
Current assets	$ 45,638
Fixed assets	31,705
Total assets	$ 77,343
Current liabilities	$ -
Due to members	-
Notes payable	962,181
Total liabilities	962,181
Members' deficit	(884,838)
Total liabilities and members' deficit	$ 77,343
Statement of Operations	
Total revenue	$ 476,068
Cost of sales	(187,277)
Operating expenses	(391,922)
Other income and expense	(2,431)
Net loss	$ (105,562)

Behavioral Health Information Network of AZ

During the period ended September 30, 2015, Marc Community entered into an investment in Behavioral Health Information Network of AZ (BHINAz) in order to help bring together behavioral health providers, consumers and public agencies using technology. Marc Community has a 25% membership interest in BHINAz. This membership interest decreased to 16.67% during the period ended September 30, 2015 when a new member was added to BHINAz. While Marc Community does not have control of BHINAz, it does have the ability to exercise significant influence over BHINAz and has an ongoing economic interest in the members' equity of BHINAz. Accordingly, the Organization reports Marc Community's interest in the members' equity of BHINAz, as well as any changes in the members' equity of BHINAz, in a manner similar to the equity method of accounting for investments in common stock.

Marc Community's investment in BHINAz at September 30, 2015 was approximately $0, which includes Marc Community's original investment in BHINAz of $300,000, plus Marc Community's share of BHINAz accumulated net loss of approximately $326,000 through the end of the current the period ended.

Summarized financial statement information of BHINAz as of and for the period ended September 30, 2015 is as follows:

	Unaudited
Balance Sheet	
Total assets	$ 1,226,274
Total liabilities	$ 1,255,615
Members' equity	(29,341)
Total liabilities and members' equity	$ 1,226,274
Statement of Operations	
Revenue	$ 24,647
Expenses	1,597,114
Net loss	(1,572,467)
Marc Community's ownership percentage	16.67%
Marc Community's share of net loss	$ (262,078)

Note 7 - Notes Payable – Bank Line of Credit

The Organization has a $900,000 revolving line of credit with a bank which bears interest at the bank's prime rate (3.25% at September 30, 2015). The balance outstanding cannot exceed 70% of the balance of outstanding receivables (as defined). This line of credit is secured primarily by receivables and furniture and equipment of the Organization and expires March 2016. The outstanding balance on the line of credit as of September 30, 2015 was $0.

The Organization also has a $150,000 revolving line of credit with a bank which bears interest at the bank's prime rate (3.25% at September 30, 2015). The balance outstanding cannot exceed the balance of outstanding receivables (as defined). This line of credit is secured primarily by receivables and furniture and equipment of the Organization and expires in March 2016. The outstanding balance on the line of credit as of September 30, 2015 was $0.

The lines of credit require the Organization to maintain certain financial ratios, such as current ratio, debt service coverage ratio, and debt to net worth ratio, as defined in the agreements. At September 30, 2015, the Organization was in compliance with these requirements.

Note 8 - Derivative Financial Instrument: Interest Rate Swap

In July 2009, the Organization entered into an interest rate swap agreement that effectively converted approximately $7,500,000 of the Organization's LIBOR-based variable-rate debt to a fixed rate. The counterparty to the swap agreement is the bank (a major U.S. financial institution) that holds the Organization's LIBOR-based variable-rate bonds payable. Under the swap agreement, the Organization pays interest at a fixed rate of 4.8% and, in return, receives interest at a variable rate based on 65% of the one-month LIBOR rate (0.2011% at September 30, 2015) plus a margin of 1.75%. The net effect of the swap is to fix the interest rate on $6,900,000 of the Organization's LIBOR-based variable-rate bond payable at 4.8%.

The interest rate swap agreement qualifies as a cash flow hedge, and accordingly, the fair value of the interest rate swap agreement, which is adjusted regularly, is recorded in the Organization's consolidated statement of financial position as an asset or liability, as necessary, with a corresponding adjustment to other charges. The fair value of the Organization's interest rate swap at September 30, 2015 was a liability totaling approximately $513,000. The unrealized holding loss on this interest rate swap was approximately $19,000 for the period ended September 30, 2015.

In August 2014, the Organization entered into an interest rate swap agreement that effectively converted approximately $2,800,000 of the Organization's LIBOR-based variable-rate debt to a fixed rate. The counterparty to the swap agreement is the bank (a major U.S. financial institution) that holds the Organization's LIBOR-based variable-rate bonds payable. Under the swap agreement, the Organization pays interest at a fixed rate of 3.5% and, in return, receives interest at a variable rate based on 69.5% of the one-month LIBOR rate (0.2011% at September 30, 2015) plus a margin of 1.40%. The net effect of the swap is to fix the interest rate on $2,800,000 of the Organization's LIBOR-based variable-rate bond payable at 3.5%.

The interest rate swap agreement qualifies as a cash flow hedge, and accordingly, the fair value of the interest rate swap agreement, which is adjusted regularly, is recorded in the Organization's consolidated statement of financial position as an asset or liability, as necessary, with a corresponding adjustment to other charges. The fair value of the Organization's interest rate swap at September 30, 2015 was a liability totaling approximately $23,000. The unrealized holding gain on this interest rate swap was approximately $23,000 for the period ended September 30, 2015.

Note 9 - Notes Payable

Notes payable consisted of the following at September 30, 2015:

Note payable to a bank, due in monthly installments of approximately $10,000, including interest at approximately 3.49%, final payment in November 2017; collateralized by software and equipment.	$	251,319
Note payable to a finance company; due in monthly installments of approximately $381, including interest at approximately 5.24%; final payment in February 2017; collateralized by a vehicle.		6,231
Total notes payable	$	257,550

Annual principal payments on the notes payable are scheduled as follows:

Year Ending September 30,		
2016	$	117,990
2017		119,546
2018		20,014
Total notes payable	$	257,550

Interest expense for the year ended September 30, 2015 totaled approximately $405,000, which includes interest on the notes payable above and on the bonds payable (Note 10). In addition, approximately $23,000 of interest expense for the period ended September 30, 2015 was amortization on bond issuance costs.

Note 10 - Bonds Payable

In December 2013, the Organization entered into loan agreements with the Industrial Development Authority of the County of Maricopa to issue Direct Purchase Revenue Bonds, Series 2013A (Series 2013A) in the amount of $6,900,000 for a term of twenty-five years, and to issue Direct Purchase Revenue Bonds, Series 2013B (Series 2013B) in the amount of $2,815,000 for a term of twenty-five years. Series 2013A and Series 2013B (collectively, "the Bonds") are collateralized by certain real property as set forth in the agreements. The Organization borrowed $6,800,000 under Series 2013A, and approximately $6,550,000 was outstanding at September 30, 2015. The Organization borrowed approximately $2,300,000 under Series 2013B, and approximately $2,300,000 was outstanding at September 30, 2015. The issuance of these bonds paid off the balance of the Community Services Facilities Bond, Series 2009A which had an outstanding balance of approximately $6,845,000 at June 30, 2013.

Interest on the Bonds is payable monthly under variable interest rate provisions. Series 2013A is due in monthly principal amounts of approximately $17,000 to $35,000 through July 2039. Series 2013A bears interest at 65% of the one-month LIBOR rate (.1524% at September 30, 2015) plus 1.75%. Series 2013A is subject to an interest rate swap agreement (Note 8). Series 2013B is due in monthly principal payments starting in February 2017 in amounts of approximately $6,000 to $24,000 through July 2039. Series 2013B bears interest at 65% of the one-month LIBOR rate (.1524% at September 30, 2015) plus 1.75%.

Annual principal payments on the bonds payable are scheduled as follows:

Period Ending September 30,	
2016	$ 231,635
2017	243,172
2018	254,830
2019	266,490
2020	277,997
Thereafter	7,604,040
Total bonds payable	$ 8,878,164

The Organization is required to maintain certain net asset, liquidity, and indebtedness ratios, and must comply with other general covenants of the loan agreement. As of September 30, 2015, the Organization was in compliance with those requirements.

Note 11 - Restricted Net Assets

Temporarily restricted net assets consisted of the following at September 30, 2015:

Restrictions on donated vehicles and property (Note 5)	$ 1,501,842
Housing for very low income residents	4,453,500
Time restrictions on contributions receivable	46,096
Other	29,253
Total temporarily restricted net assets	$ 6,030,691

Permanently restricted net assets are to be maintained in perpetuity. The income from these funds is temporarily restricted for use in promoting independent living.

Note 12 - Commitments

The Organization leases office space, residential houses, vehicles, and equipment under various non-cancelable operating leases that expire at various dates through January 2030. Several leases have renewal options. The Organization also leases residential houses and equipment under various month-to-month leases.

Future minimum lease payments under non-cancelable operating leases with initial or remaining terms in excess of one year are scheduled as follows:

Year Ending September 30,	
2016	$ 873,284
2017	598,033
2018	341,791
2019	225,088
2020	183,282
Thereafter	223,964
Total future minimum lease payments	$ 2,445,442

Rent expense for the year ended September 30, 2015 totaled approximately $1,274,000.

The Organization is in the process of several different construction projects. The total cost to complete these projects as of September 30, 2015 is approximately $650,000.

Note 13 - Concentrations

Revenue

The Organization received significant portions of its total revenue for the period ended September 30, 2015 from the Arizona Department of Economic Security (DES) and the Regional Behavioral Health Authority (RBHA) through contracts that are renewed annually.

The percentages of total revenue and the amounts of accounts receivable (before the allowance for doubtful accounts) from DES and RBHA are as follows as of and for the period ended September 30, 2015:

	Total Revenue	Accounts Receivable
DES	39%	$ 1,005,205
RBHA	51%	184,651
Total	90%	$ 1,189,856

Revenue from DES and RBHA makes up approximately 99% of the governmental revenue as reported in the consolidated statement of activities for the period ended September 30, 2015.

Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not expect to experience any such losses.

Note 14 - Employee Benefit Plans

The Organization sponsors a defined contribution plan (the Plan) covering substantially all employees. The Plan provides for employer contributions based primarily on employee participation. The total contributions made to the Plan by the Organization were approximately $0 for the period ended September 30, 2015. Due to uncertainties in state funding, the Organization stopped matching contributions in October 2009.

The Organization has a non-qualified deferred compensation plan (the Non-Qualified 457b Plan) covering certain executives. The Non-Qualified 457b Plan provides for employer contributions at the discretion of the Board of Directors of the Organization. Employee deferrals are limited to 85% of annual compensation. Total contributions made to the Non-Qualified 457b Plan by the Organization were approximately $69,000 for the period ended September 30, 2015.

In May 2010, after the completion of an independent executive compensation wage study, the Organization established a second non-qualified deferred compensation retirement plan (the Non-Qualified 457f Plan) covering the current President and CEO (the Participant). Under the terms of the Non-Qualified 457f Plan, the Organization will distribute pre-defined post-retirement payments to the Participant over a 15-year period based on a 5-year vesting schedule beginning March 31, 2009. On September 30, 2015, the approximate present value of the vested post-retirement benefits was $187,000, and these liabilities are included in accrued liabilities in the consolidated statement of financial position. While the Organization had set aside approximately $187,000 at September 30, 2015, in a separate account, these funds remain available to general creditors of the Organization.

Note 15 - Related Party Transactions

Related party transactions not elsewhere disclosed are as follows:

During the period ended September 30, 2015, Marc Community charged PIR for office space, programmatic services, and administrative services, including accounting and management services. Additionally, PIR reimbursed Marc Community for various expenses paid by Marc Community on behalf of PIR. Marc Community received a total of approximately $1,185,000 for the period ended September 30, 2015, of which, approximately $92,000 was due from related parties at September 30, 2015.

During the year ended June 30, 2011, Marc Community entered into an agreement with two banks to guarantee certain debts of FCS. Marc Community has guaranteed FCS's line of credit, which has a limit of approximately $50,000, and had a balance of $0 at September 30, 2015. Additionally, Marc Community has guaranteed a $250,000 promissory note, which had a balance of $0 at September 30, 2015.

During the year ended June 30, 2011, Marc Community entered into an agreement to guarantee PIR's line of credit, which has a limit of approximately $500,000, and had a balance of approximately $0 at September 30, 2015.

Note 16 - Contingencies

Periodically, the Organization is involved in legal proceedings arising in the normal course of operations. In the opinion of management based on consultations with legal counsel, losses, if any, from these matters are covered by insurance or are immaterial to the Organization's consolidated statement of financial position and consolidated statement of activities.

Note 17 - Fair Value Measurements

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

For assets and liabilities measured at fair value on a recurring basis, the fair value hierarchy requires the use of observable market data when available. In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Following is a description of the valuation methodologies used for assets measured at fair value:

Investments

A significant portion of the Organization's investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values.

Derivative Financial Instrument

The Organization's derivative financial instrument described in Note 8 is recorded at fair value, which has been calculated based primarily on observable interest rates and yield curves for the term of the swap.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets could result in a different fair value measurement.

The following tables set forth by level within the fair value hierarchy related to the Organization's assets and liabilities that are measured at fair value as of September 30, 2015:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 698,202	$ -	$ -	$ 698,202
Pooled funds held at a community foundation	-	27,172	-	27,172
Derivative financial instrument	-	(546,922)	-	(546,922)

Note 18 - Income Taxes

The components of the income tax provision (benefit) are as follows as of September 30, 2015:

Current:	
Federal	$ -
State	-
	-
Deferred:	
Federal	(25,000)
State	12,000
Valuation allowance	13,000
	-
Total provision	$ -

The Organization’s actual income tax (benefit) expense for the period ended September 30, 2015 differs from the expected amount computed by applying the statutory federal income tax rate of 15% to net (loss) income before income taxes for the following reasons:

Computed tax (benefit) expense at 15%	$ (25,000)
State taxes	12,000
Change in valuation allowance	13,000
	$ -

Deferred tax assets and liabilities are comprised of the following as of September 30, 2015:

Deferred tax assets:	
Net operating loss	$ 204,000
Deferred tax liabilities:	
Fixed assets	$ (1,000)
Net deferred tax asset before valuation allowance	203,000
Valuation allowance	(203,000)
Net deferred tax assets	$ -

As of September 30, 2015, the Organization has estimated federal and state net operating loss carryforwards (NOLs) of $1,037,000 for federal and state income tax purposes that begin to expire in the years 2028 and 2015, respectively. The valuation allowance increased by $13,000 in 2015.

For financial reporting purposes, a valuation allowance of $225,000 at September 30, 2015, has been established to offset deferred tax assets mainly relating to NOLs and research and development credits. Pursuant to income tax accounting guidance, the Organization has established a valuation allowance against the entire net deferred tax assets. As a result, the Organization will continue to evaluate tax assets and provide a valuation allowance until it is more likely than not to realize the tax benefit.

The Organization does not expect a significant change with respect to unrecognized tax benefits within the next 12 months.

The Organization files income tax returns with federal and state jurisdictions. The Organization is not currently under audit in any jurisdiction.

Supplementary Information
September 30, 2015

Marc Community Resources, Inc. and Affiliates

	Marc Community Resources, Inc. Advocates for the Disabled	TecMarc, Inc.	Foundation for People with Disabilities	Village at Oasis Park Phase I, Inc.	Village at Oasis Park Phase II, Inc.	Eliminations	Consolidated
Assets							
Cash and cash equivalents	$ 10,358,138	$ 172,356	$ 221,562	$ 101,054	$ 64,530	$ -	$ 10,917,640
Consumer trust funds	73,010	-	-	-	-	-	73,010
Accounts receivable, net	1,541,976	44,173	-	16	6,872	-	1,593,037
Due from related parties	1,388,817	13,338	-	2,283	1,789	(1,309,057)	97,170
Contributions receivable, net	149,796	-	-	-	-	-	149,796
Prepaid expenses and other	427,811	-	-	-	4,035	-	431,846
Investments	698,202	-	27,172	-	-	-	725,374
Investments in affiliates	315,873	-	-	-	-	(1,000)	314,873
Certificates of deposit	250,568	-	-	-	-	-	250,568
Property and equipment, net	21,291,474	8,278	-	2,630,410	2,358,277	-	26,288,439
Bond issuance costs, net	157,969	-	-	-	-	-	157,969
Deposits	69,619	4,276	-	11,574	-	-	85,469
Total assets	$ 36,723,253	$ 242,421	$ 248,734	$ 2,745,337	$ 2,435,503	$ (1,310,057)	$ 41,085,191
Liabilities and Net Assets							
Liabilities							
Consumer trust funds	$ 73,010	$ -	$ -	$ -	$ -	$ -	$ 73,010
Accounts payable	678,380	6	-	1,957	1,125	(18,097)	663,371
Due to related parties	-	1,259,070	-	1,581	30,309	(1,290,960)	-
Accrued liabilities	2,301,658	26,831	-	2,852	3,482	-	2,334,823
Deferred revenue	2,831,270	-	-	204	614	-	2,832,088
Derivative financial instrument	546,922	-	-	-	-	-	546,922
Notes payable	257,550	-	-	-	-	-	257,550
Bonds payable	8,878,164	-	-	-	-	-	8,878,164
Total liabilities	15,566,954	1,285,907	-	6,594	35,530	(1,309,057)	15,585,928
Net Assets							
Unrestricted	19,608,361	(1,044,486)	209,481	399,543	285,673	-	19,458,572
Common stock	-	1,000	-	-	-	(1,000)	-
Total unrestricted	19,608,361	(1,043,486)	209,481	399,543	285,673	(1,000)	19,458,572
Temporarily restricted	1,547,938	-	29,253	2,339,200	2,114,300	-	6,030,691
Permanently restricted	-	-	10,000	-	-	-	10,000
Total net assets (deficit)	21,156,299	(1,043,486)	248,734	2,738,743	2,399,973	(1,000)	25,499,263
Total liabilities and net assets	$ 36,723,253	$ 242,421	$ 248,734	$ 2,745,337	$ 2,435,503	$ (1,310,057)	$ 41,085,191

	Marc Community Resources, Inc. Advocates for the Disabled	TecMarc, Inc.	Foundation for People with Disabilities	Village at Oasis Park Phase I, Inc.	Village at Oasis Park Phase II, Inc.	Eliminations	Consolidated
Revenue and Gains (Losses)							
Governmental							
Arizona Department of Economic Security	$ 14,225,865	$ -	$ -	$ -	$ -	$ -	$ 14,225,865
Arizona Department of Health Services	18,247,304	-	-	-	-	-	18,247,304
Arizona Department of Transportation	54,450	-	-	-	-	-	54,450
City of Mesa	36,875	-	-	-	-	-	36,875
Total governmental revenue	32,564,494	-	-	-	-	-	32,564,494
Other							
Service contracts	636,746	-	-	-	-	-	636,746
Service fees	778,432	-	-	-	-	-	778,432
United Way contributions	46,096	-	-	-	-	-	46,096
Other contributions	487,042	-	-	-	509,810	(509,810)	487,042
Interest income	23,165	-	509	31	18	-	23,723
Gain on disposition of property	43,174	-	-	-	-	-	43,174
Rental income	628,838	-	-	119,584	104,981	-	853,403
Loss from investments in affiliates	(276,680)	-	-	-	-	(14,248)	(290,928)
Change in value of derivative financial instrument	(42,059)	-	-	-	-	-	(42,059)
Other	873,863	166,712	-	1,080	3,903	(83,804)	961,754
Total other revenue and gains (losses)	3,198,617	166,712	509	120,695	618,712	(607,862)	3,497,383
Total revenue and gains (losses)	35,763,111	166,712	509	120,695	618,712	(607,862)	36,061,877
Expenses							
Program services							
Residential	8,079,751	-	-	-	-	-	8,079,751
Employment services	5,914,588	-	-	-	-	-	5,914,588
Day services	7,368,293	-	-	-	-	-	7,368,293
Home services	5,561,687	335,055	-	-	-	(98,052)	5,798,690
Other housing	295,735	-	-	214,382	224,478	-	734,595
Outpatient clinic	2,084,464	-	-	-	-	-	2,084,464
Total program services	29,304,518	335,055	-	214,382	224,478	(98,052)	29,980,381
Supporting Activities							
Management and general	5,786,471	-	1,279	-	-	(509,810)	5,277,940
Fundraising	63,567	-	-	-	-	-	63,567
Total supporting activities	5,850,038	-	1,279	-	-	(509,810)	5,341,507
Total expenses	35,154,556	335,055	1,279	214,382	224,478	(607,862)	35,321,888
Change in Net Assets	608,555	(168,343)	(770)	(93,687)	394,234	-	739,989
Net Assets (Deficit), Beginning of Year	20,547,744	(875,143)	249,504	2,832,430	2,005,739	(1,000)	24,759,274
Net Assets (Deficit), End of Year	$ 21,156,299	$ (1,043,486)	$ 248,734	$ 2,738,743	$ 2,399,973	$ (1,000)	$ 25,499,263

	RBHA						Non-RBHA	
	Outpatient				Residential			
	Seriously Mentally Ill Intensive Outpatient Services	Community Living	General Mental Health/ Substance Abuse (Clinic)	Community Service Agency: Employment	Seriously Mentally Ill Intensive Level II Services	Sub-Total RBHA Contract	Business Activities Unrelated to RBHA	Total
Revenue								
RBHA Revenue	$ 3,977,339	$ 4,711,226	$ 2,588,774	$ 4,421,711	$ 1,469,263	$ 17,168,313	$ -	$ 17,168,313
Other Revenue	318,564	497,781	94,624	85,838	100,877	1,097,684	1,744,556	2,842,240
Interest Income	-	-	-	-	-	-	23,165	23,165
Business Activities Unrelated to RBHA	-	-	-	-	-	-	16,028,159	16,028,159
Total Revenue	4,295,903	5,209,007	2,683,398	4,507,549	1,570,140	18,265,997	17,795,880	36,061,877
Expenses								
Clinical Services Expenses:								
Wages:								
BHT	1,312,804	2,081,661	-	-	663,353	4,057,818	-	4,057,818
BH professional	67,600	56,258	614,841	-	18,753	757,452	-	757,452
BH paraprofessional	156,000	19,500	-	-	6,500	182,000	-	182,000
Psychologist, Psychiatrists, NP's	-	-	480,308	-	-	480,308	-	480,308
CSA vocational specialists	-	-	-	2,107,767	-	2,107,767	-	2,107,767
Supervision	435,090	198,895	209,482	353,563	98,750	1,295,780	-	1,295,780
Subtotal labor	1,971,494	2,356,314	1,304,631	2,461,330	787,356	8,881,125	-	8,881,125
Employee-related	362,837	338,730	230,783	323,953	118,477	1,374,780	-	1,374,780
Operations	265,229	200,972	345,752	315,097	74,267	1,201,317	-	1,201,317
Quality/claims/informatics	360,601	333,946	243,766	170,402	104,722	1,213,437	-	1,213,437
Temp/contract labor	59,472	295,451	26,163	-	119,218	500,304	-	500,304
Professional/outside services	7,295	38,845	3,209	61,365	14,623	125,337	-	125,337
Travel/transportation	193,929	93,134	8,478	144,734	53,312	493,587	-	493,587
Facility/occupancy	282,296	198,839	83,104	176,738	111,943	852,920	-	852,920
Depreciation	111,464	139,368	14,625	257,938	29,380	552,775	-	552,775
Other clinical services expenses	121,314	131,303	43,921	291,506	51,548	639,592	-	639,592
Subtotal Clinical Services Expenses	3,735,931	4,126,902	2,304,432	4,203,063	1,464,846	15,835,174	-	15,835,174

	RBHA						Non-RBHA	
	Outpatient				Residential			
	Seriously Mentally Ill Intensive Outpatient Services	Community Living	General Mental Health/ Substance Abuse (Clinic)	Community Service Agency: Employment	Seriously Mentally Ill Intensive Level II Services	Sub-Total RBHA Contract	Business Activities Unrelated to RBHA	Total
Business Activities Unrelated to RBHA	-	-	-	-	-	-	13,977,832	13,977,832
Administrative								
Salaries	284,178	344,581	177,509	199,388	97,251	1,102,907	-	1,102,907
Employee-related	88,102	106,829	55,032	49,530	30,150	329,643	-	329,643
Professional/outside services	26,480	32,108	16,540	22,994	9,062	107,184	-	107,184
Travel/transportation	15,897	19,276	9,930	14,040	5,440	64,583	-	64,583
Facility/occupancy	26,263	31,846	16,405	17,433	8,988	100,935	-	100,935
Depreciation	20,914	25,359	13,064	15,726	7,157	82,221	-	82,221
Other indirect expenses	96,993	117,610	60,586	73,424	33,193	381,806	-	381,806
Business activities unrelated to RBHA	-	-	-	-	-	-	3,339,604	3,339,604
Subtotal Administrative Expenses	558,827	677,609	349,066	392,535	191,241	2,169,278	3,339,604	5,508,882
Total Expenses	4,294,758	4,804,511	2,653,498	4,595,598	1,656,087	18,004,452	17,317,436	35,321,888
Increase (decrease) in Net Assets	$ 1,145	$ 404,496	$ 29,900	$ (88,049)	$ (85,947)	$ 261,545	$ 478,444	$ 739,989
FTE's - Clinical Services (by program)	27.52	62.12	14.54	50.00	19.86	174.04		
FTE's - Clinical Support (by program)	9.75	5.56	6.78	0.00	1.41	23.50		
FTE's - Administrative (by program)	1.46	1.77	0.91	20.41	0.53	25.08		

	Marc Community Resources, Inc. Advocates for the Disabled	TecMarc, Inc.	Foundation for People with Disabilities	Village at Oasis Park Phase I, Inc.	Village at Oasis Park Phase II, Inc.	Eliminations	Consolidated
Revenue and Gains (Losses)							
Governmental							
Arizona Department of Economic Security	$ 11,322,617	$ -	$ -	$ -	$ -	$ -	$ 11,322,617
Arizona Department of Health Services	14,915,297	-	-	-	-	-	14,915,297
Arizona Department of Transportation	43,450	-	-	-	-	-	43,450
City of Mesa	29,500	-	-	-	-	-	29,500
Total governmental revenue	26,310,864	-	-	-	-	-	26,310,864
Other							
Service contracts	518,689	-	-	-	-	-	518,689
Service fees	613,574	-	-	-	-	-	613,574
United Way contributions	46,096	-	-	-	-	-	46,096
Other contributions	373,127	-	-	-	509,810	(509,810)	373,127
Interest income	18,025	-	1,739	25	14	-	19,803
Gain on disposition of property	33,211	-	-	-	-	-	33,211
Rental income	499,629	-	-	94,396	82,830	-	676,855
Loss from investments in affiliates	(247,849)	-	-	-	-	(9,576)	(257,425)
Change in value of derivative financial instrument	50	-	-	-	-	-	50
Other	598,871	137,333	-	710	3,503	(64,010)	676,407
Total other revenue and gains (losses)	2,453,423	137,333	1,739	95,131	596,157	(583,396)	2,700,387
Total revenue and gains (losses)	28,764,287	137,333	1,739	95,131	596,157	(583,396)	29,011,251
Expenses							
Program services							
Residential	6,350,243	-	-	-	-	-	6,350,243
Employment services	4,762,860	-	-	-	-	-	4,762,860
Day services	5,805,448	-	-	-	-	-	5,805,448
Home services	4,489,213	276,362	-	-	-	(73,586)	4,691,989
Other housing	242,009	-	-	164,608	179,194	-	585,811
Outpatient clinic	1,665,804	-	-	-	-	-	1,665,804
Total program services	23,315,577	276,362	-	164,608	179,194	(73,586)	23,862,155
Supporting Activities							
Management and general	4,711,051	-	80	-	-	(509,810)	4,201,321
Fundraising	49,698	-	-	-	-	-	49,698
Total supporting activities	4,760,749	-	80	-	-	(509,810)	4,251,019
Total expenses	28,076,326	276,362	80	164,608	179,194	(583,396)	28,113,174
Change in Net Assets	687,961	(139,029)	1,659	(69,477)	416,963	-	898,077
Net Assets (Deficit), Beginning of Year	20,547,744	(875,143)	249,504	2,832,430	2,005,739	(1,000)	24,759,274
Net Assets (Deficit), End of Year	$ 21,235,705	$ (1,014,172)	$ 251,163	$ 2,762,953	$ 2,422,702	$ (1,000)	$ 25,657,351