COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN
SELF-INSURANCE TRUST FOR WORKERS' COMPENSATION
FINANCIAL REPORT
NOVEMBER 30, 2006

RECEIVED
WORKERS' COMPENSATION
MAR 30 2007
SELF INSURANCE OFFICE

Marvin and company, p.c.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN
SELF-INSURANCE TRUST FOR WORKERS' COMPENSATION

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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An Independent Member of
BDO SEIDMAN ALLIANCE

Board of Trustees
Community Residence Insurance Savings Plan
Self-Insurance Trust for Workers' Compensation

We have audited the accompanying balance sheets of Community Residence Insurance Savings Plan Self-Insurance Trust for Workers' Compensation (the "Trust") as of November 30, 2006 and 2005, and the related statements of operations, changes in members' deficiency, and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Residence Insurance Savings Plan Self-Insurance Trust for Workers' Compensation as of November 30, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of expenses on page 13 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Marvin and Company, P.C.

March 22, 2007

COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN
SELF-INSURANCE TRUST FOR WORKERS' COMPENSATION
BALANCE SHEETS
NOVEMBER 30, 2006 AND 2005

ASSETS

	2006	2005
Current Assets		
Cash and cash equivalents	$ 3,001,893	$ 1,137,766
Investments	6,724,778	5,717,181
Accrued interest receivable	41,150	22,717
Contributions receivable	786,964	813,686
Prepaid expenses	65,043	154,461
Deferred tax asset	308,000	586,000
TOTAL ASSETS	$ 10,927,828	$ 8,431,811

LIABILITIES AND MEMBERS' DEFICIENCY

	2006	2005
Current Liabilities		
Liability for unpaid claims - reserves	$ 3,440,332	$ 2,835,496
Liability for incurred but not reported claims	5,704,055	4,940,284
Accounts payable and accrued expenses	43,545	22,416
Liability for Workers' Compensation Board assessment	1,920,321	1,632,914
Total Current Liabilities	11,108,253	9,431,110
Members' Deficiency		
Unreserved	(517,574)	(1,071,398)
Accumulated other comprehensive income	337,149	72,099
Total Members' Deficiency	(180,425)	(999,299)
TOTAL LIABILITIES AND MEMBERS' DEFICIENCY	$ 10,927,828	$ 8,431,811

See accompanying notes to financial statements.

COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN
SELF-INSURANCE TRUST FOR WORKERS' COMPENSATION
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED NOVEMBER 30, 2006 AND 2005

	2006	Percent of Total Income		2005	Percent of Total Income
Contributions					
Contributions written	$ 10,263,918	10,779,291		$ 7,856,701	8,188,399
Contribution adjustments	515,373			331,698	
Less commissions	(1,183,671)			(862,903)	
Net Contributions Written and Earned	9,595,620			7,325,496	
Other Income					
Investment income	342,359			241,759	
Realized gain/(loss) on sale of investments	975			34,370	
Net Other Income	343,334			276,129	
TOTAL INCOME	9,938,954	100.0%		7,601,625	100.0%
Operating Expenses					
Claims paid	4,736,297	47.7%		4,217,840	55.5%
Claims reserve	1,368,607	13.8%		(535,517)	-7.0%
Loss adjustment expense	375,698	3.8%		274,704	3.6%
Workers' compensation fund assessment	1,420,833	14.3%		971,172	12.8%
Insurance expense	910,223	9.2%		754,121	9.9%
General and administrative expense	262,824	2.6%		240,470	3.2%
Interest expense	21,992	0.2%		15,528	0.2%
Total Operating Expenses	9,096,474	91.6%		5,938,318	78.2%
Income from Operations Before Provision for Income Taxes	842,480	8.4%		1,663,307	21.8%
Provision for Income Taxes	10,656	0.1%		28,955	0.4%
Deferred Tax (Benefit) Expense	278,000	2.8%		(586,000)	-7.7%
NET INCOME	$ 553,824	5.5%		$ 2,220,352	29.1%

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See accompanying notes to financial statements.

COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN
SELF-INSURANCE TRUST FOR WORKERS' COMPENSATION
STATEMENTS OF CHANGES IN MEMBERS' DEFICIENCY
FOR THE YEARS ENDED NOVEMBER 30, 2006 AND 2005

	Members' Deficiency	Accumulated Other Comprehensive (Loss) Income	Total Members' Deficiency
Balance, December 1, 2004	$ (3,291,750)	$ 86,686	$ (3,205,064)
Comprehensive Income (Loss):			
Net income	2,220,352	-	2,220,352
Other comprehensive income:			
Unrealized loss on investments arising during the period	-	(22,081)	(22,081)
Reclassification adjustment	-	7,494	7,494
Comprehensive Income	2,220,352	(14,587)	2,205,765
Balance, November 30, 2005	(1,071,398)	72,099	(999,299)
Comprehensive Income (Loss):			
Net income	553,824	-	553,824
Other comprehensive income:			
Unrealized gain on investments arising during the period	-	261,244	261,244
Reclassification adjustment	-	3,806	3,806
Comprehensive Income	553,824	265,050	818,874
Balance, November 30, 2006	$ (517,574)	$ 337,149	$ (180,425)

See accompanying notes to financial statements.

COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN
SELF-INSURANCE TRUST FOR WORKERS' COMPENSATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2006 AND 2005

	2006	2005
Cash Flows From Operating Activities		
Net income	$ 553,824	$ 2,220,352
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Amortization of premium on investments	3,285	7,152
Realized (gain) loss on sale of investments	(975)	(34,370)
Original issue discount included in investment income	(4,905)	(10,814)
Deferred taxes	278,000	(586,000)
(Increase) decrease in assets:		
Accrued interest receivable	(18,433)	4,908
Contributions receivable	26,722	161,568
Prepaid expenses	89,418	(103,831)
Increase (decrease) in liabilities:		
Liability for unpaid claims - reserves	604,836	(778,097)
Liability for incurred but not recorded claims	763,771	242,581
Accounts payable and accrued expenses	21,129	(4,781)
Liability for Workers' Compensation Board assessment	287,407	(22,786)
Net Cash Provided (Used) by Operating Activities	2,604,079	1,095,882
Cash Flows From Investing Activities		
Purchase of investments	(4,536,495)	(6,225,030)
Proceeds from sales and maturities of investments	3,796,543	5,583,911
Net Cash Provided (Used) by Investing Activities	(739,952)	(641,119)
Net Increase (Decrease) in Cash and Cash Equivalents	1,864,127	454,763
Cash and Cash Equivalents, Beginning of Year	1,137,766	683,003
Cash and Cash Equivalents, End of Year	$ 3,001,893	$ 1,137,766
Supplemental Disclosures:		
Interest paid	$ 21,992	$ 15,528
Income taxes paid	$ 10,656	$ 19,869

See accompanying notes to financial statements.

1. DESCRIPTION OF THE TRUST

Nature of Activities

Community Residence Insurance Savings Plan (CRISP) Self-Insurance Trust for Workers' Compensation (the Trust) was established October 31, 1995 and became operational on December 15, 1995. The Trust was established pursuant to the provisions of Subdivision 3-a of Section 50 of the Workers' Compensation Law. The Trust is governed by a Trust Agreement administered by a Board of Trustees, consisting of nine Trustees. The Trust receives the majority of its revenue from member contributions. Membership in the Trust is open to employers engaged in providing community residence services or community mental hygiene treatment or rehabilitation services, special needs educational services programs and other social services programs, who are financially solvent; have an expected loss rate within set parameters; satisfy all other requirements of the Trust's excess carrier(s) and the Workers' Compensation Board of the State of New York and adhere to the safety policies and practices of the Trust. Voluntary termination of membership may only occur on the anniversary date of such membership. Upon termination of membership, such member shall remain liable for any and all dues and assessments applicable during any period during which the member was a participant in the Trust. As of the year ended November 30, 2006, 214 community service providers participated in the Trust.

Purpose of the Trust

The Trust was established for the purpose of meeting and fulfilling an employer's obligations and liabilities under Article 2 of the Workers' Compensation Law which provides for workers' compensation coverage and benefits; to form an overall Self-Insurance Trust pursuant to such Law, to provide maximum allowable advance discounts on contribution payments made by employers for Workers' Compensation coverage; and to minimize the cost of providing workers' compensation coverage by developing and refining specialized claim services and a loss prevention program for employers offering community services. A Program Administrator is contracted by the Trust.

Plan Benefits

Workers' compensation benefits are provided by the Trust and administered under contract with the Trust's administrator. The Trust also has specific excess workers' compensation and employers' liability indemnity coverage with Safety National Casualty Corporation. Under the excess workers' compensation policy, the retained limit for workers' compensation coverage is $500,000 each accident. In addition, the Trust's losses in excess of the greater of $1.71 per $100 of total trust annual remuneration or the minimum loss fund amount of $9,515,473, in the aggregate, will be covered by the specific and aggregate workers' compensation insurance. Under the Employers' Liability policy, the limit is $2,000,000 in the aggregate per policy year. The Trust pays annual premiums for the insurance coverage. Fees for claims administration are based on the number of claims incurred and are included in claims adjustment expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions Earned

Contributions are billed to the members based on experience ratings and estimated covered payrolls of the participating members. Trust documents specify that contributions are fully earned at the start of each coverage period. No final adjustment has been made in these financial statements for the difference between estimated contributions and contributions calculated based on audited payroll of the members. Such final adjustments will be made prospectively upon completion of such audits.

Liability for Reported and Incurred but Not Reported Claims

The Trust establishes claims liabilities (see Note 5) based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the nature of the claim. Estimated amounts of reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors and are reported at their estimated present value. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Reinsurance

The Trust uses reinsurance agreements to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Trust and the members as direct insurer of the risks reinsured. To the extent that the reinsurance company should be unable to meet its obligations under the existing agreements, the Trust would be liable for such defaulted amounts. The Trust does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. No amount was deducted from claims liabilities as of November 30, 2006 and 2005, respectively for reinsurance.

Income Taxes

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax law and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant estimate included in these financial statements is the liability for reported and incurred but not reported claims.

Cash and Equivalents

For financial statement purposes, all highly liquid investments are considered cash equivalents. The Trust places its cash balances with high credit quality institutions. At times, such amounts may be in excess of the FDIC insurance limit.

Investments

Investments, classified as available for sale, are recorded at fair value. Unrealized gains and losses are recognized as a separate component of members' deficiency. Realized gains and losses on investments are determined by specific identification and are charged or credited to current earnings.

3. CASH AND EQUIVALENTS

Cash and equivalents consists of the following at November 30:

	2006	2005
Cash	$ 5,618	$ 41,914
Money market funds	2,996,275	1,095,852
Total Cash and Cash Equivalents	$ 3,001,893	$ 1,137,766

For the year ended November 30, 2006, the Trust had cash balances in financial institutions, which exceeded Federal Depository Insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these deposits is minimal.

4. INVESTMENTS

Current Workers' Compensation Board of the State of New York regulations restrict self-insurance trust investments in equities to not more than 25% of total invested assets. Investments are classified as available for sale. Investments at November 30, 2006 consist of:

	Cost	Fair Value	Unrealized Gain (Loss)
Government securities	$ 4,745,012	$ 4,744,989	$ (23)
Equity securities	1,642,614	1,979,789	337,175
	$ 6,387,626	$ 6,724,778	$ 337,152

4. INVESTMENTS

Investments are classified as available for sale. Investments at November 30, 2005 consist of:

	Cost	Fair Value	Unrealized Gain (Loss)
Government securities	$ 4,206,758	$ 4,095,151	$ (111,607)
Equity securities	1,438,324	1,622,030	183,706
	$ 5,645,082	$ 5,717,181	$ 72,099

5. LIABILITY FOR REPORTED AND INCURRED BUT NOT REPORTED CLAIMS

Liabilities for reported claims and incurred but not reported claims are estimated by the Trust with input from consulting actuaries. The Trust's policy is to establish reserves for losses for reported claims on a case basis and for incurred but not reported claims on a basis of historically established industry statistical data and the Trust's own historical experience. The Trust management believes that it has recorded a liability for unpaid claims and claim adjustment expenses as of November 30, 2006 and 2005 that is reasonable in the circumstances. However, because the Trust does not yet have sufficient historical loss experience to determine whether actual incurred claims and claim adjustment expenses will reasonably conform to the assumptions used in the determination of the estimated liability for unpaid claims and claim adjustment expenses, the ultimate amount of unpaid claims and claim adjustment expenses may vary significantly from the estimated amounts included in the accompanying financial statements. The Trust also takes into account the time value of money by reporting claims liabilities at their present value.

Liability for Workers' Compensation Board assessment includes amounts due to the Workers' Compensation Board and an estimate based on the liability for reported and incurred but not reported claims.

Consulting actuaries have provided an estimate of reported claims and incurred but not reported claims as of November 30, 2006 and 2005, on both a discounted and non-discounted basis. The non-discounted estimate is $11,075,419 and $9,255,716 for the years ended November 30, 2006 and 2005, respectively.

On a discounted basis, the estimate is $9,144,387 and $7,775,780 for 2006 and 2005, respectively. Management believes these amounts fairly present the liability for estimated future claims based upon current assumptions and levels of activity. The liability for unpaid claims consists of the following at November 30:

	2006	2005
Liability for known claims	$ 3,440,332	$ 2,835,496
Liability for incurred but not reported claims	7,635,087	6,420,220
Total Liability for Unpaid Claims	$ 11,075,419	$ 9,255,716
Discounted at 5% in 2006 and 2005	$ 9,144,387	$ 7,775,780

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6. INCOME TAXES

The provisions for federal income tax differ from the amount of income tax determined by applying the federal statutory rate to pre-tax income. The difference is primarily due to the valuation allowance on deductible temporary differences and the net operating loss carryforward.

Provision for income tax consist of the following:

	2006	2005
Current		
Federal	$ 8,675	$ 25,018
State	1,981	3,937
Total Current Taxes	10,656	28,955
Deferred	-	-
Provision for Income Taxes	$ 10,656	$ 28,955

Differences between the provision for income tax expense at statutory income tax rates and the provision in the statement of operations follows:

	2006	2005
Expense at federal statutory rate	$ 308,473	$ 546,551
Capital gains	332	11,686
Net operating losses used	(308,473)	(546,551)
Other	10,324	17,269
Provision for Income Taxes	$ 10,656	$ 28,955

Beginning December 1, 2006, the Trust has available approximately $900,000 of net operating loss carryforwards which can be used to reduce future taxable income. The net operating loss carryforwards begin to expire in 2020.

Deferred Tax Assets

Financial accounting presentation requirements and tax basis regulations result in differences between the basis of certain assets and liabilities for financial reporting purposes and tax purposes. The tax effects of these differences, to the extent they are temporary, are recorded as deferred tax assets and liabilities and consist of the following at November 30:

	2006	2005
Net operating loss	$ 308,000	$ 586,000
Deferred Tax Asset	308,000	586,000
Less valuation allowance	-	-
Net Deferred Tax Asset	$ 308,000	$ 586,000

7. LETTER OF CREDIT

The Trust has an unused $2,300,000 irrevocable letter of credit with a bank which expires on April 30, 2007. The letter of credit is collateralized by cash and investments held at this bank.

8. TRUST ADMINISTRATOR AND CLAIMS ADJUSTER

Program Risk Management, Inc. is the Trust's administrator and PRM Claim Services, Inc. (an affiliate of the Trust's administrator) is the claims adjuster for the Trust. The Trust paid approximately $376,000 and $275,000 in loss adjusting expense in 2006 and 2005, respectively to PRM Claim Services, Inc. In addition, the Trust paid approximately $431,000 and $431,000 in program administration commissions in 2006 and 2005, to Program Risk Management, Inc., which are included in total commissions paid. PRM Claim Services, Inc. was holding $5,618 and $41,914 in 2006 and 2005, respectively in a claim trust account to pay claims on behalf of the Trust. This amount is included in cash and cash equivalents.

9. COMMITMENTS AND CONTINGENCIES

The Trust has entered into a participation agreement with each member to provide risk management services, workers' compensation and employer's liability coverage. The agreement stipulates, among other things, that each member is jointly and severally liable for the workers' compensation and employer's liability obligations of the Trust and its members which were incurred during the member's period of membership in the Trust, irrespective of the subsequent termination of membership in the Trust, the insolvency or bankruptcy of another member of the Trust, or other facts or circumstances. Accordingly, the financial viability of the Trust is contingent, among other factors, upon the financial viability of the individual members.

10. SURCHARGES RECEIVABLE

The Trust billed its members a surcharge on November 30, 2001 of approximately $1,503,000. As explained in Note 1, the Trust agreement provides that a member shall remain liable for any and all dues and assessments applicable during any period during which the member was a participant in the Trust. As of November 30, 2006, one surcharge receivable of $35,210 remains in contributions receivable and is being paid over time under a settlement agreement.

11. MANAGEMENT'S PLANS

In previous years, the Trust had significant members' deficiencies (excess of liabilities over assets). Management of the Trust had undertaken a number of initiatives designed to improve its profitability and reduce the deficit. As a result of these initiatives at November 30, 2006, the members' deficiency has been reduced substantially. The initiatives that were undertaken by management included the following:

- The Trust continues to apply an underwriting and pricing philosophy that focuses on writing profitable new members. Existing members with loss frequency and severity problems are identified on a continual basis. These members are provided with aggressive loss prevention services, including specific action plans designed to reduce loss frequency and severity, additional site visits and customized consulting services. In addition, members are implementing return-to-work programs, which reduce ultimate losses at the case level by 25-35%. Accounts who do not respond favorably to these loss reduction and prevention measures are removed from the Trust.

- Claims management tools such as Section 32 settlements, return-to-work counseling and transitional work programs have greatly improved loss results for the Trust. Reserves are set to expected ultimate value as soon as possible, minimizing adverse loss development.

Consistent with regulations governing all group self-insurance trusts, the New York State Workers' Compensation Board completes a thorough review of the Trust's operations and financial status annually. Currently, the Trust is considered under funded as it relates to New York State regulations. The Workers' Compensation Board and the Trust have agreed to a written plan containing the above highlighted loss prevention and claims management initiatives, controlled and profitable new growth, and continued responsible financial management policies. These initiatives are in place to bring the Trust to a fully funded status over a reasonable period of time.

COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN
SELF-INSURANCE TRUST FOR WORKERS' COMPENSATION
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED NOVEMBER 30, 2006 AND 2005

	2006	Percent of Income	2005	Percent of Income
Insurance Expense				
Trust reinsurance	$ 834,323	8.3%	$ 678,221	8.9%
Surety bond insurance	34,500	0.3%	34,500	0.5%
Directors and officers insurance	41,400	0.4%	41,400	0.5%
Total Insurance	$ 910,223	9.2%	$ 754,121	9.9%
General and Administration				
Actuarial services	$ 20,000	0.2%	$ 20,000	0.3%
Legal	16,500	0.2%	16,043	0.2%
Accounting and auditing	26,165	0.3%	26,963	0.4%
Loss control service	60,000	0.6%	60,000	0.8%
Workers' compensation audits	45,873	0.5%	34,834	0.5%
Letter of credit expense	20,930	0.2%	20,928	0.3%
Trust and investment administration	51,110	0.5%	43,258	0.6%
Office expense and other	2,382	0.0%	2,815	0.0%
Trustee fees	16,125	0.1%	12,500	0.1%
Trustee expense	3,739	0.0%	3,129	0.0%
Total General and Administration	$ 262,824	2.6%	$ 240,470	3.2%