JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

CONTENTS
JUNE 30, 2011 AND 2010

Alexander Aronson Finning
CERTIFIED PUBLIC ACCOUNTANTS
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Where Every Client Is A Valued Client

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Justice Resource Institute, Inc. and Affiliate:

We have audited the accompanying combined statements of financial position of Justice Resource Institute, Inc. (JRI) and Affiliate (Massachusetts corporations, not-for-profit) (collectively, the Agency) as of June 30, 2011 and 2010, and the related combined statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. These combined financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Justice Resource Institute, Inc. and Affiliate as of June 30, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the accompanying combined financial statements, Justice Resource Institute, Inc. established an Affiliate during fiscal year 2008. Justice Resource Institute, Inc. relinquished control of its Affiliate effective January 1, 2011. Accordingly, the accompanying financial statements are presented on a combined basis and reflect the activity of Justice Resource Institute, Inc. as of and for the year ended June 30, 2011 and the revenues and expenses of the Affiliate for the period July 1, 2010 through December 31, 2010.

Our audits were made for the purpose of forming an opinion on the basic combined financial statements of the Agency taken as a whole. The supplemental information included on pages 21 and 22 is not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

Alexander, Aronson, Finning & Co., P.C.

Wellesley, Massachusetts
November 10, 2011

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	2011				2010			
ASSETS	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
CURRENT ASSETS:								
Cash and cash equivalents	$ 6,440,604	$ 741,964	$ 85,728	$ 7,268,296	$ 7,287,825	$ 708,802	$ 85,728	$ 8,082,355
Accounts receivable	10,444,549	-	-	10,444,549	10,156,180	-	-	10,156,180
Prepaid expenses and other	2,018,739	-	-	2,018,739	2,636,703	-	-	2,636,703
Funds held by trustee and bond counsel	265,645	-	-	265,645	115,752	-	-	115,752
Total current assets	19,169,537	741,964	85,728	19,997,229	20,196,460	708,802	85,728	20,990,990
PROPERTY AND EQUIPMENT, at cost:								
Land, buildings and improvements	48,065,278	-	-	48,065,278	45,187,957	-	-	45,187,957
Office furniture and equipment	3,256,237	-	-	3,256,237	4,288,538	-	-	4,288,538
Motor vehicles	2,456,350	-	-	2,456,350	2,215,191	-	-	2,215,191
Leasehold improvements	604,561	-	-	604,561	568,222	-	-	568,222
	54,382,426	-	-	54,382,426	52,259,908	-	-	52,259,908
Less - accumulated depreciation	17,169,613	-	-	17,169,613	16,363,304	-	-	16,363,304
Net property and equipment	37,212,813	-	-	37,212,813	35,896,604	-	-	35,896,604
OTHER ASSETS:								
Investments	6,917,116	-	50,000	6,967,116	5,852,493	-	50,000	5,902,493
Financing fees, net of accumulated amortization of $38,163 and $23,390 as of June 30, 2011 and 2010, respectively	405,020	-	-	405,020	419,793	-	-	419,793
Total other assets	7,322,136	-	50,000	7,372,136	6,272,286	-	50,000	6,322,286
Total assets	$ 63,704,486	$ 741,964	$ 135,728	$ 64,582,178	$ 62,365,350	$ 708,802	$ 135,728	$ 63,209,880
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES:								
Current portion of long-term debt	$ 387,779	$ -	$ -	$ 387,779	$ 377,694	$ -	$ -	$ 377,694
Accounts payable	1,534,182	-	-	1,534,182	1,694,801	-	-	1,694,801
Accrued expenses	4,423,146	-	-	4,423,146	6,637,247	-	-	6,637,247
Total current liabilities	6,345,107	-	-	6,345,107	8,709,742	-	-	8,709,742
LONG-TERM LIABILITIES:								
Long-term debt, less current portion	13,769,051	-	-	13,769,051	13,936,872	-	-	13,936,872
Accumulated unrealized losses on interest rate swap contracts	1,096,911	-	-	1,096,911	1,182,560	-	-	1,182,560
Pension benefits liability	2,144,775	-	-	2,144,775	5,794,188	-	-	5,794,188
Total liabilities	23,355,844	-	-	23,355,844	29,623,362	-	-	29,623,362
NET ASSETS:								
Unrestricted:								
Operating:								
Working capital	16,357,034	-	-	16,357,034	14,728,924	-	-	14,728,924
Pension plan	(799,797)	-	-	(799,797)	(4,955,306)	-	-	(4,955,306)
Total operating	15,557,237	-	-	15,557,237	9,773,618	-	-	9,773,618
Property and equipment	23,649,210	-	-	23,649,210	22,026,451	-	-	22,026,451
Custodial property and equipment	77,438	-	-	77,438	91,132	-	-	91,132
Board designated:								
Trauma Center	764,757	-	-	764,757	550,787	-	-	550,787
Jacobus Fund	250,000	-	-	250,000	250,000	-	-	250,000
Ward Endowment	50,000	-	-	50,000	50,000	-	-	50,000
Total unrestricted	40,348,642	-	-	40,348,642	32,741,988	-	-	32,741,988
Temporarily restricted	-	741,964	-	741,964	-	708,802	-	708,802
Permanently restricted	-	-	135,728	135,728	-	-	135,728	135,728
Total net assets	40,348,642	741,964	135,728	41,226,334	32,741,988	708,802	135,728	33,586,518
Total liabilities and net assets	$ 63,704,486	$ 741,964	$ 135,728	$ 64,582,178	$ 62,365,350	$ 708,802	$ 135,728	$ 63,209,880

The accompanying notes are an integral part of these combined statements.

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011				2010			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
OPERATING REVENUES:								
Contracts and service fees	$ 96,134,129	$ -	$ -	$ 96,134,129	$ 87,687,192	$ -	$ -	$ 87,687,192
Grants and contributions	347,016	141,894	-	488,910	156,985	369,896	-	526,881
Miscellaneous income	370,695	-	-	370,695	232,835	-	-	232,835
Consulting income	158,544	-	-	158,544	152,886	-	-	152,886
Net assets released from purpose restrictions	52,394	(52,394)	-	-	80,803	(80,803)	-	-
Total operating revenues	97,062,778	89,500	-	97,152,278	88,310,701	289,093	-	88,599,794
OPERATING EXPENSES:								
Program services	86,455,803	-	-	86,455,803	80,091,352	-	-	80,091,352
General and administrative	7,272,687	-	-	7,272,687	6,540,539	-	-	6,540,539
Total operating expenses	93,728,490	-	-	93,728,490	86,631,891	-	-	86,631,891
Changes in net assets from operations	3,334,288	89,500	-	3,423,788	1,678,810	289,093	-	1,967,903
NON-OPERATING REVENUES (EXPENSES):								
Unrealized gain on funded status of pension plan	3,649,413	-	-	3,649,413	6,891,751	-	-	6,891,751
Investment gain	861,449	-	-	861,449	607,308	-	-	607,308
Interest and dividends	225,904	411	-	226,315	216,942	400	-	217,342
Unrealized gain (loss) on carrying value of interest rate swap contracts	85,649	-	-	85,649	(449,378)	-	-	(449,378)
Net loss on sale or disposal of property and equipment	(71,781)	-	-	(71,781)	(95,102)	-	-	(95,102)
Total non-operating revenues (expenses)	4,750,634	411	-	4,751,045	7,171,521	400	-	7,171,921
Changes in net assets	8,084,922	89,911	-	8,174,833	8,850,331	289,493	-	9,139,824
NET ASSETS, beginning of year	32,741,988	708,802	135,728	33,586,518	23,891,657	419,309	135,728	24,446,694
Spin-off of Affiliate	(478,268)	(56,749)	-	(535,017)	-	-	-	-
NET ASSETS, end of year	$ 40,348,642	$ 741,964	$ 135,728	$ 41,226,334	$ 32,741,988	$ 708,802	$ 135,728	$ 33,586,518

The accompanying notes are an integral part of these combined statements.

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 8,174,833	$ 9,139,824
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,506,704	2,115,014
Amortization	14,773	14,772
Unrealized gain on investments	(464,151)	(428,875)
Realized gain on sale of investments	(397,298)	(178,433)
Unrealized gain on funded status of pension plan	(3,649,413)	(6,891,751)
Unrealized (gain) loss on carrying value of interest rate swap contracts	(85,649)	449,378
Net loss on sale or disposal of property and equipment	71,781	95,102
Changes in operating assets and liabilities:		
Accounts receivable	(288,369)	(838,834)
Prepaid expenses and other	617,964	(1,565,812)
Due to the Commonwealth	-	(85,114)
Accounts payable	(160,619)	395,465
Accrued expenses	(2,214,101)	706,887
Deferred revenue	-	(91,325)
Net cash provided by operating activities	4,126,455	2,836,298
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(3,894,694)	(4,560,185)
Proceeds from the sale of property and equipment	-	284,421
Purchase of investments	(3,837,547)	(2,359,622)
Proceeds from the sale of investments	3,634,373	2,165,554
Net cash used in investing activities	(4,097,868)	(4,469,832)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(157,736)	(157,694)
Spin-off of affiliate	(535,017)	-
Funds held by trustee and bond counsel	(149,893)	1,649,217
Net cash provided by (used in) financing activities	(842,646)	1,491,523
NET DECREASE IN CASH AND CASH EQUIVALENTS	(814,059)	(142,011)
CASH AND CASH EQUIVALENTS, beginning of year	8,082,355	8,224,366
CASH AND CASH EQUIVALENTS, end of year	$ 7,268,296	$ 8,082,355
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 588,690	$ 603,479
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Unrealized gain on investments	$ 464,151	$ 428,875
Unrealized gain (loss) on carrying value of interest rate swap contracts	$ 85,649	$ (449,378)
Cost basis of property and equipment sold or disposed	$ 1,772,176	$ 565,265

The accompanying notes are an integral part of these combined statements.

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011
(With Summarized Comparative Totals for the Year Ended June 30, 2010)

	2011											2010
	PROGRAM SERVICES											
	COMMUNITY BASED SERVICES	DEVELOPMENTAL DISABILITIES	ADOLESCENT SCHOOLS	JUSTICE	ADOLESCENT MENTAL HEALTH	JRI HEALTH	FAMILY NETWORKS	TRAUMA CENTER	TOTAL PROGRAM SERVICES	GENERAL AND ADMINIS-TRATIVE	TOTAL	TOTAL
EMPLOYEE COMPENSATION:												
Salaries	$ 4,596,636	$ 11,960,152	$ 18,284,534	$ 6,215,371	$ 4,364,887	$ 3,603,706	$ 768,295	$ 1,559,217	$ 51,352,798	$ 3,296,085	$ 54,648,883	$ 51,051,011
Payroll taxes and fringe benefits	1,380,138	3,574,846	5,498,348	1,974,566	1,304,706	1,106,112	248,398	423,329	15,510,443	985,600	16,496,043	15,572,578
Total employee compensation	5,976,774	15,534,998	23,782,882	8,189,937	5,669,593	4,709,818	1,016,693	1,982,546	66,863,241	4,281,685	71,144,926	66,623,589
OCCUPANCY:												
Facility	405,868	1,067,515	1,715,302	30,726	41,155	292,203	67,973	165,144	3,785,886	512,805	4,298,691	3,822,281
Facility operation	280,189	1,330,449	1,301,617	170,130	176,431	158,563	19,849	46,470	3,483,698	196,544	3,680,242	3,079,992
Total occupancy	686,057	2,397,964	3,016,919	200,856	217,586	450,766	87,822	211,614	7,269,584	709,349	7,978,933	6,902,273
OTHER EXPENSES:												
Consultation and direct care	42,044	328,594	399,917	397,155	186,666	817,391	-	429,094	2,600,861	59,325	2,660,186	2,079,144
Subcontracted direct care	391,139	-	-	3,540	-	1,512,559	-	-	1,907,238	17,616	1,924,854	1,934,225
Program supplies and materials	68,824	177,387	625,937	117,810	110,726	460,594	-	12,621	1,573,899	262,961	1,836,860	1,650,400
Meals	118,144	335,906	759,925	27,433	296,141	36,230	475	8,445	1,582,699	8,434	1,591,133	1,395,527
Client allowance/flex funds	107,981	185,988	227,482	44,427	56,179	356,880	64,729	-	1,043,666	555	1,044,221	943,408
Communications	100,961	128,759	114,998	41,027	28,284	52,249	16,955	23,310	506,543	508,815	1,015,358	745,090
Other	99,107	107,083	180,671	108,258	37,035	60,811	11,448	55,515	659,928	255,141	915,069	777,780
Staff travel	205,686	137,752	79,823	34,747	21,178	70,375	28,290	87,538	665,389	102,103	767,492	656,965
Transportation	64,399	269,697	179,819	13,799	25,600	7,671	-	7,806	568,791	99,455	668,246	596,831
Temporary help	97,141	9,410	30,833	-	30,526	4,930	298	110,116	283,254	295,981	579,235	574,227
Medicine and pharmacy	4,741	46,304	73,493	214,860	22,434	5,540	46,276	-	413,648	19	413,667	492,382
Insurance	-	-	6,710	-	-	1,572	-	-	8,282	394,228	402,510	378,698
Staff training and development	34,669	95,850	122,345	25,591	18,724	26,468	912	32,651	357,210	8,923	366,133	447,967
Professional fees	-	21,436	3,509	2,140	8,676	-	-	-	35,761	222,756	258,517	252,912
Printing and postage	19,255	22,456	20,323	7,552	2,726	18,743	1,308	23,446	115,809	45,341	161,150	180,473
Total other expenses	1,354,091	1,866,622	2,825,785	1,038,339	844,895	3,432,013	170,691	790,542	12,322,978	2,281,653	14,604,631	13,106,029
Total expenses	$ 8,016,922	$ 19,799,584	$ 29,625,586	$ 9,429,132	$ 6,732,074	$ 8,592,597	$ 1,275,206	$ 2,984,702	$ 86,455,803	$ 7,272,687	$ 93,728,490	$ 86,631,891

The accompanying notes are an integral part of these combined statements.

JUSTICE RESOURCE INSTITUTE, INC.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	PROGRAM SERVICES										
	COMMUNITY BASED SERVICES	DEVELOPMENTAL DISABILITIES	ADOLESCENT SCHOOLS	JUSTICE	ADOLESCENT MENTAL HEALTH	JRI HEALTH	FAMILY NETWORKS	TRAUMA CENTER	TOTAL PROGRAM SERVICES	GENERAL AND ADMINIS-TRATIVE	TOTAL
EMPLOYEE COMPENSATION:											
Salaries	$ 2,516,132	$ 11,416,586	$ 17,056,532	$ 6,988,025	$ 4,074,849	$ 3,625,961	$ 817,654	$ 1,339,455	$ 47,835,194	$ 3,215,817	$ 51,051,011
Payroll taxes and fringe benefits	750,659	3,505,006	5,280,212	2,152,945	1,251,020	996,901	240,005	396,386	14,573,134	999,444	15,572,578
Total employee compensation	3,266,791	14,921,592	22,336,744	9,140,970	5,325,869	4,622,862	1,057,659	1,735,841	62,408,328	4,215,261	66,623,589
OCCUPANCY:											
Facility	322,745	915,463	1,517,307	20,493	33,571	333,412	73,950	152,071	3,369,012	453,269	3,822,281
Facility operation	151,800	1,110,826	1,174,929	120,206	178,239	130,230	14,877	50,907	2,932,014	147,978	3,079,992
Total occupancy	474,545	2,026,289	2,692,236	140,699	211,810	463,642	88,827	202,978	6,301,026	601,247	6,902,273
OTHER EXPENSES:											
Consultation and direct care	99,257	288,160	291,878	72,217	216,518	829,102	-	210,524	2,007,656	71,488	2,079,144
Subcontracted direct care	314,852	-	-	368,864	1,080	1,218,587	-	1,547	1,904,930	29,295	1,934,225
Program supplies and materials	55,334	144,152	574,186	126,859	86,685	550,139	60	2,482	1,539,897	110,503	1,650,400
Meals	74,061	312,224	663,429	27,199	260,453	42,386	610	5,599	1,385,961	9,566	1,395,527
Client allowance/flex funds	122,154	118,490	209,248	31,728	41,653	327,635	92,419	-	943,327	81	943,408
Communications	83,389	111,126	121,410	28,162	31,525	113,640	20,256	15,945	525,453	219,637	745,090
Other	77,421	114,188	149,406	64,630	37,604	54,867	19,442	48,489	566,047	211,733	777,780
Staff travel	115,249	141,618	74,172	50,658	14,315	85,455	34,573	48,749	564,789	92,176	656,965
Transportation	37,345	277,785	146,698	19,178	20,348	8,075	-	6,197	515,626	81,205	596,831
Temporary help	75,106	4,292	48,434	1,368	38,741	7,818	-	133,079	308,838	265,389	574,227
Medicine and pharmacy	2,810	46,056	55,598	222,787	28,018	121,022	15,971	-	492,262	120	492,382
Insurance	-	-	3,093	-	-	24,351	-	-	27,444	351,254	378,698
Staff training and development	31,205	103,705	132,284	18,869	28,265	46,961	3,352	74,540	439,181	8,786	447,967
Professional fees	777	17,500	9,661	-	7,119	-	-	-	35,057	217,855	252,912
Printing and postage	10,010	26,576	14,685	6,845	6,335	20,106	1,990	38,983	125,530	54,943	180,473
Total other expenses	1,098,970	1,705,872	2,494,182	1,039,364	818,659	3,450,144	188,673	586,134	11,381,998	1,724,031	13,106,029
Total expenses	$ 4,840,306	$ 18,653,753	$ 27,523,162	$ 10,321,033	$ 6,356,338	$ 8,536,648	$ 1,335,159	$ 2,524,953	$ 80,091,352	$ 6,540,539	$ 86,631,891

The accompanying notes are an integral part of these combined statements.

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

Justice Resource Institute, Inc. (JRI) was formed in 1973 to provide innovative program models to address the most complex problems confronting the health and human services system in Massachusetts and other parts of the Eastern United States.

The Doc Wayne Athletic League Charitable Trust (Affiliate), a Massachusetts corporation, not-for-profit, was established during fiscal year 2008. Its purpose is to provide adolescents whose lives have been disrupted with the opportunity to play team sports. On December 15, 2010, JRI entered into an agreement with the President of the Affiliate, which resulted in JRI relinquishing control of the Affiliate effective January 1, 2011. Accordingly, the revenue and expense activity for the period July 1, 2010 through December 31, 2010, is included in the accompanying combined statement of activities and changes in net assets for the year ended June 30, 2011, and the net assets of the Affiliate have been removed from the combined statement of financial position as of June 30, 2011.

JRI and Affiliate are exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. JRI and Affiliate are also exempt from state income taxes. Contributions made to JRI and Affiliate are deductible by donors within the Internal Revenue Code requirements.

Several years ago, JRI merged with Concord Family and Youth Services, Inc. (a Massachusetts corporation, not-for-profit) (CFYS). JRI is the surviving agency and CFYS was dissolved.

Principles of Combination

The combined financial statements include the accounts of JRI and Affiliate (collectively, the Agency). All significant intercompany transactions and balances have been eliminated in the accompanying combined financial statements.

SIGNIFICANT ACCOUNTING POLICIES

The Agency prepares its combined financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

Revenue Recognition

Contracts and service fees are recorded as revenue when services are performed and costs are incurred. Contracts and service fees consist of unit-rate and cost reimbursable contract revenue. The unit-rate contract revenue is recognized based on the number of clients served. Cost reimbursable contract revenue is recognized to the extent of expenditures incurred. Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Revenues from donor restricted grants and contributions are recorded as temporarily restricted revenue and net assets when the Agency receives a commitment. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined financial statements as net assets released from restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants and contributions whose restrictions are met in the year they are received or pledged are recorded as unrestricted net assets. All other revenues are recognized when earned.

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Unrestricted Net Assets:

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Agency. The Agency has grouped its unrestricted net assets into the following categories:

- **Operating - working capital** - represents net assets that are available for operations and bear no external restrictions.

- **Operating - pension plan** - represents pension plan activity in accordance with *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (see Note 8).

- **Property and equipment** - represents amounts expended and resources available for property and equipment, net of related debt. Financing fees and funds held by trustee and bond counsel are also included in property and equipment net assets.

- **Custodial property and equipment** - represents the net book value of property and equipment purchased with funds from the Commonwealth of Massachusetts (the Commonwealth) and other funders in which the funder retains a reversionary interest.

- **Board designated** - represents amounts restricted by the Board of Trustees for future program purposes for which expenditures require the approval of the Board of Trustees. These funds consist of the following at June 30:

	2011	2010
Consulting and training, net revenue - Trauma Center	$ 764,757	$550,787
JRI's match of Jacobus temporarily restricted gift	250,000	250,000
Match of Ward family permanently restricted gift	50,000	50,000
	$1,064,757	$850,787

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Temporarily Restricted Net Assets:

Temporarily restricted net assets are purpose restricted and consist of the following as of June 30:

	2011	2010
Various purpose restrictions	$741,964	$632,210
Fund for Children	-	76,592
	$741,964	$708,802

The Fund for Children was established during fiscal year 2001. The purpose of the fund was to benefit children and adolescents served by the Agency in furtherance of their access to quality medical care and recreational sports as a vehicle for mentoring youth. During fiscal year 2009, at the request of the donor, JRI transferred these funds to its Affiliate. As a result of the spin-off of the Affiliate (see page 7), these funds are not included in the combined statement of financial position as of June 30, 2011.

Permanently Restricted Net Assets:

Permanently restricted net assets consist of an endowment fund from a donor restricted gift of $50,000 from the Ward Family Foundation to establish the Berkshire Meadows New Century Fund. Earnings from this gift may be used for Berkshire Meadows, a program of the Agency, for medically fragile children with mental retardation. The principal may not be spent. In accordance with Massachusetts law, realized and unrealized gains are accumulated as temporarily restricted net assets unless appropriated by the Board of Trustees. There are no realized or unrealized gains pertaining to this endowment for the years ended June 30, 2011 and 2010. As a condition of the endowment, the Agency's Board of Trustees has designated $50,000 of unrestricted contributions received for the Berkshire Meadows Program to match the contribution of the Ward Family Foundation. These contributions are reflected as Board designated net assets in the accompanying combined financial statements (see page 8).

Also included in permanently restricted net assets at June 30, 2011 and 2010, is $85,728, which is comprised of several donations that may not be spent. The earnings on these donations are used to fund clients' emergency needs as designated by the Board of Trustees.

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each program.

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

The Agency expenses all advertising costs as they are incurred. Advertising expense was approximately $184,000 and $164,000 for the years ended June 30, 2011 and 2010, respectively, and is included in other expenses on the accompanying combined statements of functional expenses.

Estimates

The preparation of combined financial statements in accordance with U.S. GAAP 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment and Depreciation

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	5 - 33 years
Office furniture and equipment	3 - 10 years
Motor vehicles	3 - 5 years
Leasehold improvements	5 years or lease term, whichever is greater

Approximately $17,000 and $815,000 of office furniture and equipment were purchased with contract funds from the Commonwealth as of June 30, 2011 and 2010, respectively. Depreciation on these custodial assets was $1,978 and $2,158 for the years ended June 30, 2011 and 2010, and is included in facility operation in the accompanying combined statements of functional expenses.

Depreciation expense was $2,506,704 and $2,115,014 for the years ended June 30, 2011 and 2010, respectively.

Accounts Receivable

Accounts receivable are stated as unpaid balances, less an allowance for doubtful accounts, if any. The allowance is based on collection experience and other circumstances, which may affect the ability of vendors to meet their obligations. It is the Agency's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financing Fees and Amortization

Financing fees consist of legal fees and closing costs relating to the refinancing of the Massachusetts Development Finance Agency (MDFA) bonds (see Note 6). As a part of the refinancing, the Agency incurred financing fees of $443,183 during the year ended June 30, 2009. These costs are being amortized over the life of the bond (thirty years). Amortization expense for the years ended June 30, 2011 and 2010, was $14,773 and $14,772, respectively. Amortization expense for the next five years will be approximately $14,800 per year.

Cash and Cash Equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents consist of checking, money market and savings accounts.

Fair Value

Management follows the accounting standards pertaining to *Fair Value Measurements* for qualifying assets and liabilities. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and mandate disclosures about fair value measurements. The standards establish a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value framework are as follows:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date. Instruments which are generally included in this category include equity and debt securities publicly traded on an exchange.
- Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active. Level 2 also includes investments with notice periods for redemption of ninety days or less.
- Level 3 – Inputs that are unobservable and which require significant judgment or estimation. Level 3 also includes investments with notice periods for redemption of more than ninety days.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The Agency values all its qualified assets and liabilities using Level 1 inputs, except for the interest rate swap contracts which use Levels 2 and 3 inputs (see Note 6), and the pension benefit obligation which uses Levels 1, 2, and 3 inputs (see Note 8).

Investments

Investments are maintained in one portfolio and are managed by investment managers. Investment income consists of interest, capital gains, dividends, and realized and unrealized gains and losses on investments (see Note 4). Interest income is recorded as earned and dividend income is recorded on the ex-dividend date. Realized gains and losses on investment transactions are recorded using the first-in, first-out method.

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Agency follows the *Accounting for Uncertainty in Income Taxes* standard which requires the Agency to report uncertain tax positions, related interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest and penalties accordingly. As of June 30, 2011, the Agency determined that there are no material unrecognized tax benefits to report.

Information returns filed for the previous three years remain subject to examination by the Internal Revenue Service and Massachusetts tax authorities. The Agency does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months.

Subsequent Events

Subsequent events have been evaluated through November 10, 2011, which is the date the combined financial statements were issued.

(2) FUNDING

The Agency receives income from various funding sources to compensate for services rendered under cost reimbursement and unit-rate contracts. Approximately 45% and 48% of operating revenues were received from various departments of the Commonwealth during the years ended June 30, 2011 and 2010, respectively. These contracts are subject to possible audits by the appropriate government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the combined financial position of the Agency as of June 30, 2011 and 2010, or on its combined changes in net assets for the years then ended.

Approximately 38% and 35% of accounts receivable at June 30, 2011 and 2010, respectively, are due from the various departments of the Commonwealth.

Included in contracts and service fees are charges to third party payors. These charges are periodically reviewed and adjusted based upon the submission of cost reports and possible subsequent audits. In the opinion of management, the results of such audits, if any, will not have a material effect on the combined financial position of the Agency as of June 30, 2011 and 2010, or on its combined changes in net assets for the years then ended.

(3) FUNDS HELD BY TRUSTEE AND BOND COUNSEL

Funds held by trustee and bond counsel, which are limited as to use under the revenue bond agreement, are held in escrow to satisfy certain bond requirements and to provide for debt service payments.

Funds held at June 30, 2011 and 2010, are $265,645 and $115,752, respectively.

(4) INVESTMENTS

Investments are recorded at fair value (see Note 1) and consist of the following at June 30:

	2011	2010
Money market	$ 578,793	$ 514,891
Mutual funds - equities	3,556,716	1,313,217
Mutual funds - bonds	2,831,607	3,293,990
Common index funds	-	780,395
	$6,967,116	$5,902,493

Investment gain is comprised of the following for the years ended June 30:

	2011	2010
Unrealized gain on investments	$464,151	$428,875
Realized gain on sale of investments	397,298	178,433
	$861,449	$607,308

Investments are not insured and are subject to ongoing market fluctuations. These investments are intended to be held for long-term purposes; accordingly, they are reflected as non current assets on the accompanying combined statements of financial position regardless of maturity and liquidity.

(5) ENDOWMENT FUNDS

Changes in endowment net assets by class are as follows for the year ended June 30:

	Unrestricted	Donor Restricted			
	Board-Designated	Temporarily Restricted	Permanently Restricted	Total Donor Restricted	Total Endowment
Endowment net assets, June 30, 2009	$50,000	$ -	$135,728	$135,728	$185,728
Investment income	147	400	-	400	547
Appropriation of endowment assets for expenditure	(147)	(400)	-	(400)	(547)
Endowment net assets, June 30, 2010	50,000	-	135,728	135,728	185,728
Investment income	151	411	-	411	562
Appropriation of endowment assets for expenditure	(151)	(411)	-	(411)	(562)
Endowment net assets, June 30, 2011	$50,000	$ -	$135,728	$135,728	$185,728

(6) NOTES PAYABLE AND LONG-TERM DEBT

Long-term debt consists of the following:

	2011	2010
MDFA revenue bonds, due November 1, 2038	$14,095,000	$14,250,000
Note agreement with the Town of Acton for sewer betterment assessment	61,830	64,566
	14,156,830	14,314,566
Less - current portion	387,779	377,694
	$13,769,051	$13,936,872

2008 MDFA Bonds

On December 11, 2008, JRI received a commitment from the issuance of MDFA revenue bonds of $14,405,000. The proceeds from the issuance of the bonds were used to refinance previously existing debt with MDFA, and to establish a special projects fund for future use which was fully spent as of June 30, 2010. Under the bond agreement, JRI has an option to convert the interest rate (floating) to a fixed interest rate upon compliance with certain provisions as defined in the agreement. Commencing January 2, 2009, and the first of each month thereafter, interest is due based on a weekly calculated interest rate (floating), not to exceed the maximum interest rate of 12% per annum, until the date when a fixed rate becomes effective. At that point, interest payments are due annually on November 1st. Interest payments are made directly to a trustee. The bonds may be redeemed prior to the maturity date at a redemption price equal to 100% of the principal amount plus accrued interest, if any. The bonds are secured by specific properties owned by JRI and are cross-collateralized and cross-defaulted with other debt (see page 16).

The bonds are secured by a letter of credit with a bank in the original amount of $14,618,116. The letter of credit is secured by all assets of JRI and expires on January 31, 2012.

Under the bond agreement, JRI is required to make principal payments into a sinking fund (see Note 3), which is maintained by a trustee through November 1, 2038, the maturity date. The bonds will be redeemed with funds accumulated in the sinking fund as defined in the agreement.

Future minimum deposits to the sinking fund over the next five years are as follows:

2012	$381,667
2013	$398,333
2014	$415,000
2015	$433,333
2016	$453,333

Total interest expense was $590,032 and $602,153 for the years ended June 30, 2011 and 2010, respectively and is included in facility in the accompanying combined statements of functional expenses.

JRI must comply with certain covenants and financial ratios as defined in the agreements. As of June 30, 2011 and 2010, JRI was in compliance with the covenants.

(6) NOTES PAYABLE AND LONG-TERM DEBT (Continued)

Swap Contracts

To hedge against potential interest rate exposure under the floating rate note, JRI has entered into interest rate swap agreements. As of June 30, 2011, JRI had two interest rate swap contracts with the following terms, which effectively fix the interest rates on specific portions of the note proceeds:

Notional Amount	$5,225,000	$8,870,000
Fixed Rate Assumed by JRI	3.705%	2.720%
Basis for Variable Rate Assumed by Counterparty	London Interbank Offered Rate (LIBOR)	Securities Industry and Financial Markets Association (SIFMA)
Term	Ten years	Five years
Effective Date	December 16, 2008	March 1, 2009
Counterparty	Bank of America	Bank of America

The notional amounts of the swap contracts will decline according to a pre-determined schedule such that the proportion of the amortizing note originally swapped will remain approximately the same throughout the term of the agreements as the underlying debt amortizes.

The swap contracts are reported at fair value in the accompanying combined statements of financial position. Fair values are derived using Level 3 inputs (see Note 1), including prevailing credit spreads, market liquidity, assumed transaction and hedging costs, and other factors.

Unrealized gains or losses in the value of the swap contracts are recorded as non-operating activity on the accompanying combined statements of activities and changes in net assets. For the years ended June 30, 2011 and 2010, JRI recorded unrealized gains (losses) of $85,649 and $(449,378), respectively, on these swap contracts.

Note Payable to the Town of Acton

JRI has a note agreement with the Town of Acton for sewer betterment assessments on property owned in Acton, Massachusetts. The original amount of this note, as amended, was $84,023. The amount outstanding was $61,830 and $64,566 as of June 30, 2011 and 2010, respectively. Commencing November 1, 2005, JRI began making quarterly payments of $930, principal and interest at approximately 1.5%, through August, 2030. This note is secured by a lien on property located in Acton, Massachusetts.

Estimated maturities of long-term debt over the next five years are as follows:

2012	$387,779
2013	$407,822
2014	$422,866
2015	$442,911
2016	$462,956

(6) NOTES PAYABLE AND LONG-TERM DEBT (Continued)

Notes Payable to a Bank

The Agency has a facility line of credit agreement that allows for borrowing up to $2,000,000. Interest is payable monthly at the bank's prime lending rate (3.25% at June 30, 2011 and 2010). The line of credit is secured by all assets of the Agency and is cross-collateralized and cross-defaulted with other debt (see page 14). There was no outstanding balance under this agreement as of June 30, 2011 and 2010. The Agency must maintain certain financial ratios and levels of working capital as specified in the agreement. As of June 30, 2011 and 2010, the Agency was in compliance with these financial ratios and covenants. This agreement is renewed annually.

The Agency has a second line of credit agreement that allows for borrowings up to $1,500,000. Interest is payable at the bank's prime lending rate (3.25% at June 30, 2011 and 2010). The line of credit is secured by certain assets of the Agency. There was no balance outstanding under this agreement as of June 30, 2011 and 2010. This agreement is renewed annually.

(7) LEASES

The Agency leases several facilities under non-cancelable leases for its programs. The terms of these leases are from one to seven years and expire through June, 2016. In certain instances, the Agency is responsible for its proportionate share of condominium fees, real estate taxes and operating costs. The Agency has the option to renew these leases at terms to be negotiated. In addition, the Agency also rents other facilities as a tenant-at-will.

Rent expense for the years ended June 30, 2011 and 2010, was $1,356,918 and $1,206,081, respectively. These costs are included in facility in the accompanying combined statements of functional expenses.

The future minimum lease payments over the remainder of the lease terms are as follows (not including amounts listed in Note 12):

2012	$1,184,466
2013	$ 911,448
2014	$ 651,701
2015	$ 566,151
2016	$ 191,795

The Agency sublets program space to third parties with monthly payments ranging from approximately $280 to $560. These agreements expire at various dates through July, 2013. Total rental income for the years ended June 30, 2011 and 2010, was approximately $80,000 and $28,000, respectively, and is included in miscellaneous income in the accompanying combined statements of activities and changes in net assets.

(8) PENSION PLANS

Defined Benefit Master Pension Plan

JRI has a Cost of Living Defined Benefit Master Pension Plan (the Plan) covering all employees who are at least 21 years of age and have a minimum of one year of service, as defined in the Plan. The Plan was frozen during 2009, at which point new employees who began employment after November 15, 2008, were no longer eligible to participate in the Plan. During fiscal year 2010, the Plan was reinstated and opened retroactively to eligible employees hired after the date the Plan was frozen. The Plan provides pension benefits that are based upon the employee's compensation and years of service. JRI's policy is to fund pension costs required under The Employee Retirement Income Security Act of 1974.

Net pension expense for fiscal years 2011 and 2010, which are included in payroll taxes and fringe benefits in the accompanying combined statements of functional expenses, includes the following components:

	2011	2010
Service cost, benefits earned during the period	$ 1,969,976	$ 1,772,333
Interest cost on projected benefit obligation	2,271,523	2,070,620
Expected return on assets	(2,137,126)	(1,729,070)
Net amortization and gain deferral	189,531	404,875
Net pension costs	$ 2,293,904	$ 2,518,758

The weighted average assumptions used in the accounting for pension expense included a discount rate of 7.0% at June 30, 2011 and 2010. In addition, an increase in compensation levels of 3.0% was used in 2011 and 2010. The expected long-term rate of return on assets was 7.5% in 2011 and 2010. Plan assets are invested primarily in mutual funds traded on national exchanges.

The table below sets forth the Plan's funded status at June 30:

	2011	2010
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$32,696,386	$34,079,153
Service cost	1,969,976	1,772,333
Interest cost	2,271,523	2,070,620
Benefits paid	(620,114)	(325,209)
Gain	(1,348,244)	(4,900,511)
Projected benefit obligation at end of year	34,969,527	32,696,386
Fair value of plan assets at end of year	34,169,730	27,741,080
Plan assets deficient of projected benefit obligation	$ (799,797)	$ (4,955,306)
Reconciliation of funded status:		
Plan assets deficient of projected benefit obligation	$ (799,797)	$(4,955,306)
Unrecognized net loss	2,144,775	5,794,188
Prepaid at year-end	$1,344,978	$ 838,882

(8) PENSION PLANS (Continued)

Defined Benefit Master Pension Plan (Continued)

Plan benefit payments and employer contributions expected to be paid in the future are as follows:

	Benefit Payments	Employer Contributions
2012	$ 409,315	$ 2,400,000
2013	$ 661,730	$ 2,400,000
2014	$ 892,694	$ 2,400,000
2015	$1,056,878	$ 2,400,000
2016	$1,220,955	$ 2,400,000
2017 – 2021	$9,076,736	$12,000,000

The prepaid pension costs at June 30, 2011 and 2010, are included in prepaid expenses on the accompanying combined statements of financial position.

Consistent with *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, JRI reports all changes in the funded status of its plan within its combined statements of activities and changes in net assets. The changes in the funded status of the Plan and prior year service costs were $3,649,413 and $6,891,751 for the years ended June 30, 2011 and 2010, respectively, and are reflected as an unrealized gain on funded status of pension plan in the accompanying combined statements of activities and changes in net assets.

The fair value of the Plan is measured using Level 1 inputs (market values of publicly traded investments), Level 2 inputs (discount rates, default rates, and other factors), and Level 3 inputs (actuarial assumptions, mortality expectancy, projected investment returns) (see Note 1).

Defined Contribution Retirement Plan

JRI also maintains a qualified salary reduction plan under the Internal Revenue Code Section 401(k), which covers substantially all employees who have completed six months of service and are at least 18 years of age. Employees may make contributions to the qualified salary reduction plan up to the maximum allowed by law. JRI matches up to $800 of each employee's annual contribution ($600 prior to November, 2009). JRI's contributions to this plan were $333,559 and $305,087 for the years ended June 30, 2011 and 2010, respectively. These costs are included in payroll taxes and fringe benefits in the accompanying combined statements of functional expenses.

(9) COMMITMENTS AND CONTINGENCIES

On March 9, 2007, JRI entered into a purchase and sale agreement to sell two of the three office condominium units it owns at one of its facilities in Boston, Massachusetts for a total selling price of $1,000,000. Under the agreement, the buyer is required to make an initial deposit of $100,000, and the remaining $900,000 is due from the buyer at the time JRI delivers the deed for each of the units. JRI delivered the deed for one of the units on July 19, 2007, at which time it received $500,000 for that unit. JRI expects to deliver the deed for the second unit by March 9, 2012. The buyer made the initial deposit of $100,000 ($25,000 towards the unit that was sold in fiscal year 2008 and $75,000 towards the other). The balance of $75,000 is held by a designated escrow agent as specified in the agreement. Accordingly, these amounts are not included in the accompanying combined financial statements.

(9) COMMITMENTS AND CONTINGENCIES (Continued)

As part of the agreement, JRI also agreed to offer right of first refusal for the remaining office condominium unit to the buyer, should JRI decide to sell the unit. The purchase price for this unit will be at the fair market price as specified in the agreement.

The Agency, from time-to-time, is the defendant in lawsuits. It is management's experience that the Agency will prevail in these lawsuits. Accordingly, no amounts have been reflected in the accompanying combined financial statements for any potential liability resulting from these lawsuits.

(10) CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash equivalents and investments.

The Agency maintains its cash balances in various banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At times during the year, certain cash balances exceed the insured amounts. The Agency has not experienced any losses in such accounts. The Agency believes it is not exposed to any significant credit risk on cash and cash equivalents.

(11) RELATED PARTY TRANSACTIONS

JRI had the following related party transactions:

- An honorary member of JRI's Board of Trustees and two employees of JRI were the sole Trustees of the Affiliate. As a result of the spin-off of the Affiliate (see page 7), the two aforementioned employees of JRI resigned from the Board of Trustees of the Affiliate.
- The President of JRI is a Board member of another nonprofit organization. JRI provided approximately $20,000 of bookkeeping services to this organization during fiscal years 2010 and 2011.
- During fiscal years 2011 and 2010, JRI contributed $38,780 and $15,235 to another nonprofit agency for the benefit of the Affiliate for sponsorship in its fundraising activities.
- During fiscal year 2011, JRI contributed $260,000 to the Affiliate. This activity has been eliminated in the accompanying combined financial statements.

(12) SUBSEQUENT EVENTS

Merger

Effective July 1, 2011, Rediscovery, Inc. (a Massachusetts corporation, not for profit) merged into JRI. As a result of the merger, approximately $367,000 of assets, $17,000 of liabilities, and $350,000 of net assets have been added to the combined statement of financial position of JRI as of July 1, 2011.

(12) SUBSEQUENT EVENTS (Continued)

Operating Lease

On September 19, 2011 the Agency entered into a non-cancellable lease for administrative office space. The lease expires on June 30, 2019. The Agency is responsible for its proportionate share of operating costs. Monthly rental payments, commencing after a six month free-rent period, are approximately $27,000 beginning on July 1, 2012 and increase annually as outlined in the agreement. Total future minimum lease payments under this lease over the next five years are as follows:

2012	$ -
2013	$324,717
2014	$331,451
2015	$337,451
2016	$343,818

Debt Refinance

The Agency obtained a term sheet from a financial institution to refinance the existing MDFA Revenue bonds and exit the interest rate swap contracts (see Note 6) for a total refinance amount of up to $15,500,000. The term for the new borrowing will be seven years at a fixed rate of interest, to be determined at the date the agreement is signed. Monthly payments of principal and interest will be based on a twenty-seven year amortization, with a balloon payment due upon maturity. This borrowing will be secured by a first mortgage interest in specific properties and will contain certain financial and non-financial covenants.

(13) RECLASSIFICATIONS

Certain amounts in the June 30, 2010 combined financial statements have been reclassified to conform to the 2011 combined presentation.

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

SUPPLEMENTAL SCHEDULE

COMBINING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	2011				2010								
	JUSTICE RESOURCE INSTITUTE, INC.				JUSTICE RESOURCE INSTITUTE, INC.				DOC WAYNE ATHLETIC CHARITABLE TRUST LEAGUE				
ASSETS	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	ELIMI-NATIONS	COMBINED TOTAL
CURRENT ASSETS:													
Cash and cash equivalents	$ 6,440,604	$ 741,964	$ 85,728	$ 7,268,296	$ 7,069,557	$ 632,210	$ 85,728	$ 7,787,495	$ 218,268	$ 76,592	$ 294,860	$ -	$ 8,082,355
Accounts receivable	10,444,549	-	-	10,444,549	10,156,180	-	-	10,156,180	-	-	-	-	10,156,180
Prepaid expenses and other	2,018,739	-	-	2,018,739	2,636,703	-	-	2,636,703	-	-	-	-	2,636,703
Funds held by trustee and bond counsel	265,645	-	-	265,645	115,752	-	-	115,752	-	-	-	-	115,752
Total current assets	19,169,537	741,964	85,728	19,997,229	19,978,192	632,210	85,728	20,696,130	218,268	76,592	294,860	-	20,990,990
PROPERTY AND EQUIPMENT, at cost:													
Land, buildings and improvements	48,065,278	-	-	48,065,278	45,187,957	-	-	45,187,957	-	-	-	-	45,187,957
Office furniture and equipment	3,256,237	-	-	3,256,237	4,288,538	-	-	4,288,538	-	-	-	-	4,288,538
Motor vehicles	2,456,350	-	-	2,456,350	2,215,191	-	-	2,215,191	-	-	-	-	2,215,191
Leasehold improvements	604,561	-	-	604,561	568,222	-	-	568,222	-	-	-	-	568,222
	54,382,426	-	-	54,382,426	52,259,908	-	-	52,259,908	-	-	-	-	52,259,908
Less - accumulated depreciation	17,169,613	-	-	17,169,613	16,363,304	-	-	16,363,304	-	-	-	-	16,363,304
Net property and equipment	37,212,813	-	-	37,212,813	35,896,604	-	-	35,896,604	-	-	-	-	35,896,604
OTHER ASSETS:													
Investments	6,917,116	-	50,000	6,967,116	5,852,493	-	50,000	5,902,493	-	-	-	-	5,902,493
Financing fees, net of accumulated amortization of $38,163 and $23,390 as of June 30, 2011 and 2010, respectively	405,020	-	-	405,020	419,793	-	-	419,793	-	-	-	-	419,793
Total other assets	7,322,136	-	50,000	7,372,136	6,272,286	-	50,000	6,322,286	-	-	-	-	6,322,286
Total assets	$ 63,704,486	$ 741,964	$ 135,728	$ 64,582,178	$ 62,147,082	$ 632,210	$ 135,728	$ 62,915,020	$ 218,268	$ 76,592	$ 294,860	$ -	$ 63,209,880
LIABILITIES AND NET ASSETS													
CURRENT LIABILITIES:													
Current portion of long-term debt	$ 387,779	$ -	$ -	$ 387,779	$ 377,694	$ -	$ -	$ 377,694	$ -	$ -	$ -	$ -	$ 377,694
Accounts payable	1,534,182	-	-	1,534,182	1,694,801	-	-	1,694,801	-	-	-	-	1,694,801
Accrued expenses	4,423,146	-	-	4,423,146	6,637,247	-	-	6,637,247	-	-	-	-	6,637,247
Total current liabilities	6,345,107	-	-	6,345,107	8,709,742	-	-	8,709,742	-	-	-	-	8,709,742
LONG-TERM LIABILITIES:													
Long-term debt, less current portion	13,769,051	-	-	13,769,051	13,936,872	-	-	13,936,872	-	-	-	-	13,936,872
Accumulated unrealized losses on interest rate swap contracts	1,096,911	-	-	1,096,911	1,182,560	-	-	1,182,560	-	-	-	-	1,182,560
Pension benefits liability	2,144,775	-	-	2,144,775	5,794,188	-	-	5,794,188	-	-	-	-	5,794,188
Total liabilities	23,355,844	-	-	23,355,844	29,623,362	-	-	29,623,362	-	-	-	-	29,623,362
NET ASSETS:													
Unrestricted:													
Operating:													
Working capital	16,357,034	-	-	16,357,034	14,510,656	-	-	14,510,656	218,268	-	218,268	-	14,728,924
Pension plan	(799,797)	-	-	(799,797)	(4,955,306)	-	-	(4,955,306)	-	-	-	-	(4,955,306)
Total operating	15,557,237	-	-	15,557,237	9,555,350	-	-	9,555,350	218,268	-	218,268	-	9,773,618
Property and equipment	23,649,210	-	-	23,649,210	22,026,451	-	-	22,026,451	-	-	-	-	22,026,451
Custodial property and equipment	77,438	-	-	77,438	91,132	-	-	91,132	-	-	-	-	91,132
Board designated:													
Trauma Center	764,757	-	-	764,757	550,787	-	-	550,787	-	-	-	-	550,787
Jacobus Fund	250,000	-	-	250,000	250,000	-	-	250,000	-	-	-	-	250,000
Ward Endowment	50,000	-	-	50,000	50,000	-	-	50,000	-	-	-	-	50,000
Total unrestricted	40,348,642	-	-	40,348,642	32,523,720	-	-	32,523,720	218,268	-	218,268	-	32,741,988
Temporarily restricted	-	741,964	-	741,964	-	632,210	-	632,210	-	76,592	76,592	-	708,802
Permanently restricted	-	-	135,728	135,728	-	-	135,728	135,728	-	-	-	-	135,728
Total net assets	40,348,642	741,964	135,728	41,226,334	32,523,720	632,210	135,728	33,291,658	218,268	76,592	294,860	-	33,586,518
Total liabilities and net assets	$ 63,704,486	$ 741,964	$ 135,728	$ 64,582,178	$ 62,147,082	$ 632,210	$ 135,728	$ 62,915,020	$ 218,268	$ 76,592	$ 294,860	$ -	$ 63,209,880

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

SUPPLEMENTAL SCHEDULE

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

2011

	JUSTICE RESOURCE INSTITUTE				DOC WAYNE ATHLETIC LEAGUE CHARITABLE TRUST				
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	ELIMI-NATIONS	COMBINED TOTAL
OPERATING REVENUES:									
Contracts and service fees	$ 96,134,129	$ -	$ -	$ 96,134,129	$ -	$ -	$ -	$ -	$ 96,134,129
Grants and contributions	345,765	141,894	-	487,659	261,251	-	261,251	(260,000)	488,910
Miscellaneous income	369,988	-	-	369,988	707	-	707	-	370,695
Consulting income	158,544	-	-	158,544	-	-	-	-	158,544
Net assets released from purpose restrictions	32,551	(32,551)	-	-	19,843	(19,843)	-	-	-
Total operating revenues	97,040,977	109,343	-	97,150,320	281,801	(19,843)	261,958	(260,000)	97,152,278
OPERATING EXPENSES:									
Program services	86,434,002	-	-	86,434,002	21,801	-	21,801	-	86,455,803
General and administrative	7,532,687	-	-	7,532,687	-	-	-	(260,000)	7,272,687
Total operating expenses	93,966,689	-	-	93,966,689	21,801	-	21,801	(260,000)	93,728,490
Changes in net assets from operations	3,074,288	109,343	-	3,183,631	260,000	(19,843)	240,157	-	3,423,788
NON-OPERATING REVENUES (EXPENSES):									
Unrealized gain on funded status of pension plan	3,649,413	-	-	3,649,413	-	-	-	-	3,649,413
Investment gain	861,449	-	-	861,449	-	-	-	-	861,449
Interest and dividends	225,904	411	-	226,315	-	-	-	-	226,315
Unrealized gain (loss) on carrying value of interest rate swap contracts	85,649	-	-	85,649	-	-	-	-	85,649
Net loss on sale of disposal of property and equipment	(71,781)	-	-	(71,781)	-	-	-	-	(71,781)
Total non-operating revenues (expenses)	4,750,634	411	-	4,751,045	-	-	-	-	4,751,045
Changes in net assets	7,824,922	109,754	-	7,934,676	260,000	(19,843)	240,157	-	8,174,833
NET ASSETS, beginning of year	32,523,720	632,210	135,728	33,291,658	218,268	76,592	294,860	-	33,586,518
Spin-off of affiliate	-	-	-	-	(478,268)	(56,749)	(535,017)	-	(535,017)
NET ASSETS, end of year	$ 40,348,642	$ 741,964	$ 135,728	$ 41,226,334	$ -	$ -	$ -	$ -	$ 41,226,334

2010

	JUSTICE RESOURCE INSTITUTE				ATHLETIC LEAGUE CHARITABLE TRUST				
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	ELIMI-NATIONS	COMBINED TOTAL
OPERATING REVENUES:									
Contracts and service fees	$ 87,687,192	$ -	$ -	$ 87,687,192	$ -	$ -	$ -	$ -	$ 87,687,192
Grants and contributions	128,783	369,896	-	498,679	28,202	-	28,202	-	526,881
Miscellaneous income	230,560	-	-	230,560	2,275	-	2,275	-	232,835
Consulting income	152,886	-	-	152,886	-	-	-	-	152,886
Net assets released from purpose restrictions	69,939	(69,939)	-	-	10,864	(10,864)	-	-	-
Total operating revenues	88,269,360	299,957	-	88,569,317	41,341	(10,864)	30,477	-	88,599,794
OPERATING EXPENSES:									
Program services	80,050,010	-	-	80,050,010	41,342	-	41,342	-	80,091,352
General and administrative	6,540,539	-	-	6,540,539	-	-	-	-	6,540,539
Total operating expenses	86,590,549	-	-	86,590,549	41,342	-	41,342	-	86,631,891
Changes in net assets from operations	1,678,811	299,957	-	1,978,768	(1)	(10,864)	(10,865)	-	1,967,903
NON-OPERATING REVENUES (EXPENSES):									
Unrealized gain on funded status of pension plan	6,891,751	-	-	6,891,751	-	-	-	-	6,891,751
Investment gain	607,308	-	-	607,308	-	-	-	-	607,308
Interest and dividends	216,942	400	-	217,342	-	-	-	-	217,342
Unrealized gain (loss) on carrying value of interest rate swap contracts	(449,378)	-	-	(449,378)	-	-	-	-	(449,378)
Net loss on sale of disposal of property and equipment	(95,102)	-	-	(95,102)	-	-	-	-	(95,102)
Total non-operating revenues (expenses)	7,171,521	400	-	7,171,921	-	-	-	-	7,171,921
Changes in net assets	8,850,332	300,357	-	9,150,689	(1)	(10,864)	(10,865)	-	9,139,824
NET ASSETS, beginning of year	23,673,388	331,853	135,728	24,140,969	218,269	87,456	305,725	-	24,446,694
Spin-off of affiliate	-	-	-	-	-	-	-	-	-
NET ASSETS, end of year	$ 32,523,720	$ 632,210	$ 135,728	$ 33,291,658	$ 218,268	$ 76,592	$ 294,860	$ -	$ 33,586,518