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JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATES

COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

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JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATES

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2013
Audit

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

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INDEPENDENT AUDITOR'S REPORT

004860

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

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Justice Resource Institute, Inc. (JRI) (a Massachusetts corporation, not for profit) and its Affiliates; Community Care Services, Inc. and Community Care-A-Vans, Inc. (Massachusetts corporations, not for profit) and Eagle Community Care Estates, LLC (a Massachusetts limited liability company), which comprise the combined statement of financial position as of June 30, 2013, and the related combined statements of activities, changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Justice Resource Institute, Inc. and Affiliates as of June 30, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 1 to the accompanying combined financial statements, JRI became the sole corporate member and obtained full control over the Affiliates effective January 1, 2013, and the Affiliates merged with JRI as of June 30, 2013. Accordingly, the accompanying financial statements are presented on a combined basis and reflect the combined statement of financial position of Justice Resource Institute, Inc. and Affiliates as of June 30, 2013, and the combined revenues and expenses of Justice Resource Institute, Inc. for the year ended June 30, 2013, and of the Affiliates for the period January 1, 2013, through June 30, 2013.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary combining information shown on pages 21 and 22 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

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

Wellesley, Massachusetts
November 5, 2013

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATES

COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
CURRENT ASSETS:				
Cash and cash equivalents	$ 9,265,335	$ 984,823	$ 85,728	$ 10,335,886
Accounts receivable, net of allowance for doubtful accounts of approximately $350,000	14,634,440	-	-	14,634,440
Prepaid expenses and other	3,344,246	-	-	3,344,246
Investments	7,313,310	-	50,000	7,363,310
Total current assets	34,557,331	984,823	135,728	35,677,882
PROPERTY AND EQUIPMENT, at cost:				
Land, buildings and improvements	59,145,969	-	-	59,145,969
Office furniture and equipment	4,186,139	-	-	4,186,139
Motor vehicles	2,832,382	-	-	2,832,382
Leasehold improvements	1,264,518	-	-	1,264,518
	67,429,008	-	-	67,429,008
Less - accumulated depreciation	22,097,404	-	-	22,097,404
Net property and equipment	45,331,604	-	-	45,331,604
OTHER ASSETS:				
Construction in progress	2,797,917	-	-	2,797,917
Restricted cash	150,434	-	-	150,434
Financing fees, net of accumulated amortization of $13,796	215,549	-	-	215,549
Total other assets	3,163,900	-	-	3,163,900
Total assets	$ 83,052,835	$ 984,823	$ 135,728	$ 84,173,386
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Current portion of long-term debt	$ 503,204	$ -	$ -	$ 503,204
Accounts payable	2,022,086	-	-	2,022,086
Accrued expenses	7,126,818	-	-	7,126,818
Total current liabilities	9,652,108	-	-	9,652,108
LONG-TERM LIABILITIES:				
Long-term debt, net of current portion	16,312,318	-	-	16,312,318
Contingent notes payable	2,740,760	-	-	2,740,760
Pension benefits liability	6,230,261	-	-	6,230,261
Total liabilities	34,935,447	-	-	34,935,447
NET ASSETS:				
Unrestricted:				
Operating:				
Working capital	21,387,037	-	-	21,387,037
Pension plan	(3,466,797)	-	-	(3,466,797)
Total operating	17,920,240	-	-	17,920,240
Property and equipment	28,578,705	-	-	28,578,705
Custodial property and equipment	18,588	-	-	18,588
Board designated:				
Trauma Center	866,769	-	-	866,769
Jacobus Fund	375,988	-	-	375,988
Capital reserve	258,946	-	-	258,946
Ward Endowment	50,000	-	-	50,000
Stabilization Fund	48,152	-	-	48,152
Total unrestricted	48,117,388	-	-	48,117,388
Temporarily restricted	-	984,823	-	984,823
Permanently restricted	-	-	135,728	135,728
Total net assets	48,117,388	984,823	135,728	49,237,939
Total liabilities and net assets	$ 83,052,835	$ 984,823	$ 135,728	$ 84,173,386

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

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATES

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
OPERATING REVENUES:				
Contracts and service fees	$ 114,165,813	$ -	$ -	$ 114,165,813
Grants and contributions	613,204	575,929	-	1,189,133
Miscellaneous income	345,465	-	-	345,465
Interest and dividends	306,136	-	-	306,136
Rental income	287,661	-	-	287,661
Consulting income	22,334	-	-	22,334
Net assets released from purpose restrictions	278,568	(278,568)	-	-
Total operating revenues	116,019,181	297,361	-	116,316,542
OPERATING EXPENSES:				
Program services	104,120,868	-	-	104,120,868
General and administrative	9,136,780	-	-	9,136,780
Total operating expenses	113,257,648	-	-	113,257,648
Changes in net assets from operations	2,761,533	297,361	-	3,058,894
NON-OPERATING REVENUES:				
Contribution income - acquisition	4,173,097	-	-	4,173,097
Unrealized gain on funded status of pension plan	3,964,387	-	-	3,964,387
Investment gain, net	241,491	-	-	241,491
Net gain on sale or disposal of property and equipment	36,261	-	-	36,261
Total non-operating revenues	8,415,236	-	-	8,415,236
Changes in net assets	$ 11,176,769	$ 297,361	$ -	$ 11,474,130

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

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATES

COMBINED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
NET ASSETS, June 30, 2012	$ 36,940,619	$ 687,462	$ 135,728	$ 37,763,809
Changes in net assets	11,176,769	297,361	-	11,474,130
NET ASSETS, June 30, 2013	$ 48,117,388	$ 984,823	$ 135,728	$ 49,237,939

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

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATES

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in net assets	$ 11,474,130
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	3,060,066
Amortization	8,241
Contribution income - acquisition	(4,173,097)
Unrealized loss on investments	533,161
Realized gain on sales of investments	(774,652)
Unrealized gain on funded status of pension plan	(3,964,387)
Net gain on sale or disposal of property and equipment	(36,261)
Changes in operating assets and liabilities:	
Accounts receivable	(217,764)
Prepaid expenses and other	177,416
Accounts payable	(29,039)
Accrued expenses	1,100,727
Net cash provided by operating activities	7,158,541
CASH FLOWS FROM INVESTING ACTIVITIES:	
Cash received via acquisition	735,311
Acquisition of property and equipment	(2,567,558)
Proceeds from sale of property and equipment	149,365
Cash paid for construction in progress	(2,777,914)
Proceeds from sale of investments	7,414,249
Purchase of investments	(6,547,178)
Increase in restricted cash	(150)
Net cash used in investing activities	(3,593,875)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on long-term debt	(488,606)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,076,060
CASH AND CASH EQUIVALENTS, beginning of year	7,259,826
CASH AND CASH EQUIVALENTS, end of year	$ 10,335,886
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid for interest	$ 484,306
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:	
Unrealized loss on investments	$ (533,161)
Purchase of property and equipment financed by accounts payable	$ 341,929
Cost basis of property and equipment sold or disposed	$ 1,410,338

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

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	PROGRAM SERVICES											
	COMMUNITY BASED SERVICES	DEVELOPMENTAL DISABILITIES	ADOLESCENT SCHOOLS	JUSTICE	ADOLESCENT MENTAL HEALTH	JRI HEALTH	TRAUMA CENTER	COMMUNITY CARE SERVICES	EAGLE COMMUNITY CARE ESTATES, LLC	TOTAL PROGRAM SERVICES	GENERAL AND ADMINIS-TRATIVE	TOTAL
EMPLOYEE COMPENSATION:												
Salaries	$ 8,754,828	$ 12,755,176	$ 19,170,729	$ 5,828,486	$ 4,321,227	$ 3,357,158	$ 2,126,722	$ 4,841,657	$ -	$ 61,155,983	$ 4,068,776	$ 65,224,759
Payroll taxes and fringe benefits	2,814,191	4,092,107	6,199,002	1,917,653	1,386,330	1,079,724	687,171	1,143,681	-	19,319,859	1,304,870	20,624,729
Total employee compensation	11,569,019	16,847,283	25,369,731	7,746,139	5,707,557	4,436,882	2,813,893	5,985,338	-	80,475,842	5,373,646	85,849,488
OCCUPANCY:												
Facility	746,456	1,422,167	1,731,599	38,190	41,769	268,362	203,279	269,382	-	4,721,204	783,147	5,504,351
Facility operation	554,323	1,053,624	1,458,599	67,475	208,210	159,767	63,909	466,617	109,601	4,142,125	235,525	4,377,650
Total occupancy	1,300,779	2,475,791	3,190,198	105,665	249,979	428,129	267,188	735,999	109,601	8,863,329	1,018,672	9,882,001
OTHER EXPENSES:												
Subcontracted direct care	725,671	-	-	-	240	1,452,226	-	667,450	-	2,845,587	16,473	2,862,060
Consultation and direct care	125,910	222,685	446,595	339,116	193,047	782,968	200,060	37,003	-	2,347,384	185,502	2,532,886
Program supplies and materials	137,662	228,153	693,680	58,282	127,753	264,651	22,873	116,079	23,380	1,672,513	186,356	1,858,869
Meals	176,427	387,063	773,443	16,956	247,786	51,063	18,645	102,426	-	1,773,809	55,407	1,829,216
Client allowance/flex funds	386,559	103,033	236,454	33,423	51,715	428,095	4,537	96,479	-	1,340,295	-	1,340,295
Transportation	116,123	308,435	254,608	19,802	34,576	36,287	62,708	285,916	-	1,118,455	159,134	1,277,589
Other	227,964	131,710	206,772	61,232	42,096	46,836	64,539	31,654	230	813,033	256,878	1,069,911
Staff travel	412,618	133,325	91,377	40,796	24,269	51,347	72,259	94,110	-	920,101	110,964	1,031,065
Communications	123,959	143,814	146,104	37,923	27,350	32,552	27,975	71,117	1,046	611,840	278,525	890,365
Temporary help	66,621	-	72,568	-	31,984	-	119,336	-	-	290,509	462,990	753,499
Insurance	-	-	6,253	-	-	-	-	53,285	2,870	62,408	464,333	526,741
Professional fees	-	13,770	6,772	16,500	105	457	-	4,175	17,916	59,695	444,444	504,139
Staff training and development	74,949	83,791	179,764	19,716	26,407	17,377	1,873	9,193	-	413,070	77,131	490,201
Medicine and pharmacy	24,039	88,013	85,749	155,405	19,598	11,536	1,337	-	-	385,677	253	385,930
Printing and postage	14,015	34,169	24,684	1,457	4,995	13,355	27,249	7,286	111	127,321	46,072	173,393
Total other expenses	2,612,517	1,877,961	3,224,823	800,608	831,921	3,188,750	623,391	1,576,173	45,553	14,781,697	2,744,462	17,526,159
Total expenses	$ 15,482,315	$ 21,201,035	$ 31,784,752	$ 8,652,412	$ 6,789,457	$ 8,053,761	$ 3,704,472	$ 8,297,510	$ 155,154	$ 104,120,868	$ 9,136,780	$ 113,257,648

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

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013

(1) <u>OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES</u>

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.

Effective January 1, 2013, JRI became the sole corporate member of Community Care Services, Inc. (CCS) and Community Care-A-Vans, Inc. (CCAV) (Massachusetts corporations, not for profit) and Eagle Community Care Estates, LLC (the LLC) (a Massachusetts limited liability company) (collectively, the Affiliates). On January 1, 2013, the Board of Directors of CCS resigned and two of the members joined the Board of Trustees of JRI. Effective June 30, 2013, each of the Affiliates was acquired by (merged) with JRI; CCS and CCAV were dissolved shortly after June 30, 2013. The LLC will continue to exist as a separate legal entity and a wholly-owned subsidiary of JRI (a disregarded entity for tax purposes). The LLC's purpose is to own and operate seventeen units of housing for homeless families in Fall River, Massachusetts.

On the effective date of the merger, JRI assumed assets totaling $11,156,275 (including a net write-down of real property to fair value totaling $1,430,860), and assumed liabilities of $6,983,178. The difference, $4,173,097, was recognized as contribution income - acquisition on the accompanying combined statement of activities for the year ended June 30, 2013, in accordance with *Accounting and Reporting for Combinations of Not-for-Profit Organizations*. Accordingly, the accompanying financial statements are presented on a combined basis and reflect the combined statement of financial position of JRI and Affiliates as of June 30, 2013, and the combined revenues and expenses of JRI for the year ended June 30, 2013 and of the Affiliates for the period January 1, 2013 through June 30, 2013.

JRI, CCS and CCAV 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 (IRC). JRI, CCS and CCAV are also exempt from state income taxes. Contributions made to JRI, CCS and CCAV are deductible by donors within the IRC's requirements.

<u>Principles of Combination</u>

The combined financial statements include the accounts of JRI as of and for the year ended June 30, 2013, and the accounts of CCS, CCAV and the LLC as of and for the six months ended June 30, 2013. All significant inter-company accounts and transactions have been eliminated in the accompanying combined financial statements.

SIGNIFICANT ACCOUNTING POLICIES

JRI, CCS, CCAV and the LLC's (collectively, the Agency) combined financial statements have been prepared 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.

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Contracts and service fees also include fees earned for various services provided to individuals and patient service revenue, which is recorded net of contractual allowances and free care. Contractual allowances are accrued on an estimated basis in the period the related services are rendered. The Agency's contractual allowances were approximately $310,000 for the year ended June 30, 2013.

Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Revenues from donor-restricted grants and contributions are recorded as temporarily or permanently 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 income is recorded as revenue when earned.

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. Included in this category is the LLC's member's equity related to its operations.
- **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 a portion of the restricted cash balance are also included in property and equipment net assets. Included in this category is the LLC's member's equity related to property and equipment, net of related debt.
- **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.

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Unrestricted Net Assets: (Continued)

- **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, 2013:

Consulting and training, net revenue - Trauma Center	$ 866,769
The Agency's match of Jacobus temporarily restricted gift and additional funds designated by the Agency	375,988
Reserve set aside for future capital needs	258,946
Match of Ward family permanently restricted gift (see below)	50,000
Funds designated for future shortfalls in operating budgets, to maintain, as close as possible, the current level of client service	48,152
	$1,599,855

Temporarily Restricted Net Assets:

Temporarily restricted net assets of $984,823 are restricted for various program purposes at June 30, 2013.

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 developmental disabilities. 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 as of June 30, 2013. 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 above).

Also included in permanently restricted net assets at June 30, 2013, 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 advertising costs as they are incurred. Advertising expense was approximately $39,000 for the year ended June 30, 2013, and is included in other expenses on the accompanying combined statement 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 - 40 years
Office furniture and equipment	3 - 10 years
Motor vehicles	3 - 5 years
Leasehold improvements	5 years or lease term, whichever is greater

Approximately $198,000 of office furniture and equipment was purchased with contract funds from the Commonwealth and other funders as of June 30, 2012. No additional custodial funds were received during fiscal year 2013. Depreciation on these custodial assets was $29,218 for the year ended June 30, 2013, and is included in facility operation in the accompanying combined statement of functional expenses.

Depreciation expense was $3,060,066 for the year ended June 30, 2013.

Accounts Receivable

Accounts receivable are stated as unpaid balances, less an allowance for doubtful accounts. 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.

Financing Fees and Amortization

Financing fees consist of legal fees and closing costs associated with acquiring financing (see Note 5) and are reported at cost, net of accumulated amortization. These costs are being amortized over the lives of the financing agreements (20 to 27 years) using the straight-line method. Amortization expense for the year ended June 30, 2013, was $8,241. Amortization expense for the next five years will be $8,241 per year.

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the combined statement of cash flows, cash and cash equivalents consist of checking, money market and savings accounts and commercial paper with original maturity dates of three months or less, other than those amounts included in the Agency's investment portfolio (see Note 3).

Fair Value Measurements

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 alternative 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 alternative investments with notice periods for redemption of more than ninety days, if any.

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 alternative investment in a limited partnership which uses Level 2 inputs (see Note 3), and the pension benefit obligation which uses Levels 1, 2 and 3 inputs (see Note 8).

Investments

Investments are maintained in two portfolios and are managed by investment managers. Investment income consists of interest, capital gain distributions, dividends, and net realized and unrealized gains and losses on investments (see Note 3). 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 (FIFO) method.

Subsequent Events

Subsequent events have been evaluated through November 5, 2013, which is the date the combined financial statements were issued. There were no events that met the criteria for recognition or disclosure in the combined financial statements.

(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, 2013, 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.

(2) FUNDING

The Agency receives income from various funding sources to compensate for services rendered under cost reimbursement and unit-rate contracts. Approximately 49% of contracts and service fees were received from various departments of the Commonwealth during the year ended June 30, 2013. 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, 2013, or on its combined changes in net assets for the year then ended.

Approximately 46% of accounts receivable are due from the various departments of the Commonwealth at June 30, 2013.

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, 2013, or on its changes in net assets for the year then ended.

(3) INVESTMENTS

The investment portfolio as of June 30, 2013, summarized using fair value inputs (see Note 1), is as follows:

Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds - equities	$2,708,949	$ -	$ -	$2,708,949
Alternative investment - limited partnership	-	2,094,976	-	2,094,976
Mutual funds - bonds	2,040,291	-	-	2,040,291
Money market	473,012	-	-	473,012
Domestic common stocks	46,082	-	-	46,082
	$5,268,334	$2,094,976	$ -	$7,363,310

(3) **INVESTMENTS** (Continued)

Investment gain, net is comprised of the following for the year ended June 30, 2013:

Realized gain on sales of investments	$ 774,652
Unrealized losses on investments	(533,161)
	$ 241,491

Investments are not insured and are subject to ongoing market fluctuations. All investments have short term liquidity and availability, accordingly they are reflected as current assets on the accompanying combined statement of financial position. Interest and dividends are reflected in operations and investment gain, net is included in non-operating activity on the accompanying combined statement of activities.

Investments include an alternative investment which is an interest in a partnership and is valued using Level 2 inputs given its forty-five day liquidation provision. In accordance with standards pertaining to *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, the Agency uses the fund's net asset value per share to calculate and report the fair value of its investment (Level 2 inputs). The Agency records its share of the realized activities of the partnership as increases or decreases in the cost basis of its investment. Distributions reduce the Agency's cost basis. The Agency records its share of unrealized gains and losses on the interest in partnership as increases or decreases in the accumulated appreciation (depreciation) component of its investment accounts. The asset valuation of the alternative investment is derived from valuations by the underlying fund manager. These estimated values may differ significantly from the values that would have been used had a ready market existed and those differences could be material.

(4) **ENDOWMENT FUNDS**

Changes in endowment net assets by class are as follows for the year ended June 30, 2013:

	Unrestricted	Donor Restricted			
	Board-Designated	Temporarily Restricted	Permanently Restricted	Total Donor Restricted	Total Endowment
Endowment net assets, June 30, 2012	$50,000	$ -	$135,728	$135,728	$185,728
Investment income	26	44	-	44	70
Appropriation of endowment assets for expenditure	(26)	(44)	-	(44)	(70)
Endowment net assets, June 30, 2013	$50,000	$ -	$135,728	$135,728	$185,728

(5) LONG-TERM DEBT

Long-term debt consists of the following as of June 30, 2013:

$14,645,000 Massachusetts Development Finance Agency (MDFA) multi-mode revenue bonds payable (2011 bonds), which accrue interest at 2.95%. The interest rate on the 2011 bonds is subject to adjustment every seven years (next adjustment date is November 17, 2018) based upon the Federal Home Loan Bank of Boston (FHLB) rate in effect, plus 0.50%. The 2011 bonds require monthly payments of principal and interest of $65,619. The proceeds from the issuance of the 2011 bonds were used to refinance previously existing debt with MDFA, and to pay specific project costs. The 2011 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 2011 bonds are due in various installments through November 17, 2038. The 2011 bonds are secured by specific properties owned by the Agency.	$ 14,069,653
$900,000 note payable agreement with a bank, which accrues interest at 4.5%. The note requires monthly payments of principal and interest of $5,694 through July, 2017, at which time the interest rate adjusts to the FHLB rate, plus 2.5%. The interest rate adjusts on each five-year anniversary thereafter to the FHLB rate, plus 2.5%, through July, 2028, the note's maturity. The note is secured by property located in Taunton, Berkley, and Freetown, Massachusetts.	871,514
$556,000 note payable agreement with a bank, which accrues interest at 4.75% through August 25, 2017, at which time the interest rate adjusts to the FHLB rate, plus 3%. The interest rate adjusts again on August 25, 2022, to the FHLB rate on that date, plus 3%. The note requires monthly payments of principal and interest of $3,754 through May, 2027, the note's maturity. The note is secured by property located in Attleboro, Massachusetts.	454,110
$476,000 note payable agreement with a bank, which accrues interest at 4.75%. The note requires monthly payments of principal and interest of $3,269 through October, 2016, the note's maturity, at which time a balloon payment of approximately $317,000 is due. The note is secured by property located in Berkeley, Massachusetts.	383,780
$480,000 note payable agreement with a bank, which accrues interest at 4.25%. The note requires monthly payments of principal and interest of $3,941 through July, 2026. The note is secured by property located in Attleboro, Massachusetts.	376,976

(5) **LONG-TERM DEBT** (Continued)

$340,000 note payable agreement between the LLC and a bank through the FHLB Affordable Housing Program, due March 31, 2026. The note bears interest at 4.75% and is due in monthly payments of principal and interest of $2,037 through August 31, 2017, at which time the interest rate adjusts to the FHLB rate, plus 3%. The interest rate adjusts again on August 31, 2022, to the FHLB rate on that date, plus 3%. The note is secured by a second mortgage on property located in Fall River, Massachusetts.	320,633
$392,000 note payable agreement with a bank, which accrues interest at 4.75%. The note requires monthly payments of principal and interest of $2,699 through August 22, 2016, at which time a balloon payment of approximately $258,000 is due. The note is secured by property located in New Bedford, Massachusetts.	313,939
Note payable to a finance company, due in monthly principal installments of $470, through 2014. This note is secured by a vehicle.	24,917
	16,815,522
Less - current portion	503,204
	$16,312,318

These notes contain certain financial and non-financial covenants with which the Agency must comply. As of June 30, 2013, the Agency was in compliance with its debt covenants.

Future minimum principal payments of long-term debt over the next five years are as follows:

2014	$ 503,204
2015	$ 520,803
2016	$ 539,095
2017	$1,086,546
2018	$ 527,595

Note Payable to the Town of Acton

JRI had 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. Commencing on November 1, 2005, JRI began making quarterly payments of $930, principal and interest at approximately 1.5% until fiscal year 2013, when the note was repaid in full. This note was secured by a lien on property located in Acton, Massachusetts.

Total interest expense on the long-term debt instruments disclosed above was $483,917 for the year ended June 30, 2013.

(5) LONG-TERM DEBT (Continued)

Line of Credit

The Agency has a demand line of credit agreement that allows for borrowings up to $3,500,000. Interest is payable monthly at the *Wall Street Journal's* prime rate (3.25% at June 30, 2013), plus 1%. The line of credit is secured by all assets of the Agency. There was no balance outstanding under this agreement as of June 30, 2013. All outstanding principal and accrued interest are due and payable on demand. The Agency must comply with certain covenants and financial ratios as defined in the agreements. As of June 30, 2013, the Agency was in compliance with these covenants.

Subsequent to year end, the Agency reduced the maximum borrowing limit on the line of credit to $3,000,000 and obtained a separate stand-alone letter of credit from the same bank for $500,000 pertaining to its self insurance for workers compensation.

(6) CONTINGENT NOTES PAYABLE

The Agency has a contingent, non-interest bearing note payable with the City of Taunton for $100,000. This note was used for the renovations of a building owned by the Agency. This contingent note payable is not required to be repaid unless the program fails to comply with conditions in the agreement or the building is sold. It is the intention of the Board of Trustees and management to maintain the property for the intended purpose; therefore, the loan has been classified as a contingent note payable and no interest has been accrued.

The LLC has the following contingent notes payable at June 30, 2013:

$890,760 note payable to the Commonwealth of Massachusetts, Department of Housing and Community Development (DHCD). The note is non-interest bearing and is due in November 30, 2061. The note may be extended for an additional fifty-year term.	$ 890,760
$850,000 non-interest bearing note payable with DHCD under the Affordable Housing Trust Fund program. There are no payments due until November, 2041, when the note matures, unless the LLC has excess principal advances, as defined in the agreement.	850,000
$750,000 note payable to Community Economic Development Assistance Corporation (CEDAC). The note is non-interest bearing and is due November 30, 2041.	750,000
$150,000 note payable to the City of Fall River under the Fall River HOME program. The note accrues simple interest at 1% per annum. Principal and accrued interest are due on November 30, 2041. The LLC has not accrued interest on this note as the amount has been determined to be immaterial and the LLC does not believe the accrued interest will be due as long as the property is operated in accordance with the note payable agreement.	150,000
	$2,640,760

(6) CONTINGENT NOTES PAYABLE (Continued)

The LLC's contingent notes payable are secured by a shared first mortgage on land and buildings located in Fall River, Massachusetts.

As part of one of the contingent notes payable described above, CEDAC required the LLC to establish a cash reserve as additional security for the notes. The balance of this reserve was $150,434 as of June 30, 2013, and is included in restricted cash in the accompanying combined statement of financial position.

The contingent notes payable contain certain financial and non-financial covenants with which the Agency must comply. As of June 30, 2013, the Agency was in compliance with these covenants.

(7) LEASES

The Agency leases several facilities under non-cancelable leases for its programs. The terms of these leases are from one to thirty years and expire at various dates through January, 2041. 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 year ended June 30, 2013, was $2,315,382. These costs are included in facility in the accompanying combined statement of functional expenses.

The future minimum lease payments over the next five years are as follows:

2014	$1,806,761
2015	$1,576,567
2016	$1,496,519
2017	$1,145,768
2018	$1,063,524

The Agency sublets leased space to third parties with monthly payments ranging from approximately $280 to $15,500. These agreements expire at various dates through May, 2015. Total rental income for the year ended June 30, 2013, was approximately $288,000, and is reflected as rental income in the accompanying combined statement of activities.

The future minimum lease payments on these subleases over their remaining terms are as follows:

2014	$185,625
2015	$170,156

(8) PENSION PLANS

Defined Benefit Master Pension Plan

The Agency 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. The Agency's policy is to fund pension costs required under The Employee Retirement Income Security Act of 1974.

(8) PENSION PLANS (Continued)

Defined Benefit Master Pension Plan (Continued)

Net pension expense for fiscal year 2013, which is included in payroll taxes and fringe benefits in the accompanying combined statement of functional expenses, includes the following components:

Interest cost on projected benefit obligation	$ 2,732,978
Service cost, benefits earned during the period	2,111,272
Expected return on assets	(2,494,379)
Net amortization and gain deferral	497,153
Net pension costs	$ 2,847,024

The weighted average assumptions used in the accounting for pension expense included a discount 7.0% at June 30, 2013. In addition, an increase in compensation levels of 3.0% was used in fiscal year 2013. The expected long-term rate of return on assets was 7.5% in fiscal year 2013. Plan assets are invested in mutual funds traded on national exchanges, as well as certain non-publicly traded hedge funds.

The table below sets forth the Plan's funded status at June 30, 2013:

Change in projected benefit obligation:	
Projected benefit obligation at beginning of year	$39,354,873
Service cost	2,111,272
Interest cost	2,732,978
Benefits paid	(1,111,008)
Gain	(408,412)
Projected benefit obligation at end of year	42,679,703
Fair value of plan assets at end of year	39,212,906
Plan assets deficient of projected benefit obligation	$ (3,466,797)
Reconciliation of funded status:	
Plan assets deficient of projected benefit obligation	$ (3,466,797)
Unrecognized net loss	6,230,261
Prepaid at year-end	$ 2,763,464

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

	Benefit Payments	Employer Contributions
2014	$ 1,053,076	$ 3,600,000
2015	$ 1,326,810	$ 3,600,000
2016	$ 1,620,426	$ 3,600,000
2017	$ 1,856,515	$ 3,600,000
2018	$ 2,066,764	$ 3,600,000
2019 – 2023	$15,085,112	$18,000,000

(8) PENSION PLANS (Continued)

Defined Benefit Master Pension Plan (Continued)

The prepaid pension costs at June 30, 2013, are included in prepaid expenses on the accompanying combined statement of financial position.

Consistent with *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, the Agency 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 $3,964,387 for the year ended June 30, 2013, and are reflected as an unrealized gain on funded status of pension plan in the accompanying combined statement of activities.

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 and projected investment returns) (see Note 1).

Defined Contribution Retirement Plans

JRI also maintains a qualified salary reduction plan under IRC 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. JRI's contributions to this plan were $370,519 for the year ended June 30, 2013. These costs are included in payroll taxes and fringe benefits in the accompanying combined statement of functional expenses.

JRI has a defined contribution plan pursuant to IRC Section 403(b), which covers all qualifying full-time employees. JRI does not match employee contributions to the plan.

CCS maintained a defined contribution retirement plan. CCS contributed up to 3% of the employees' salary with CCS's portion of the contribution being contributed to a separate 401(a) plan. Employee contributions vested immediately and employer contributions vested as defined in the plan agreement. CCS's contributions for the six months ended June 30, 2013, were $60,590, and are included in payroll taxes and fringe benefits in the accompanying combined statement of functional expenses. This plan was closed for new contributions effective June 30, 2013, and all participant asset balances in this plan were transferred to JRI's 403(b) plan effective August 30, 2013. Going forward, all eligible employees will participate in JRI's 401(k) plan.

Subsequent to June 30, 2013, the Agency will terminate CCS's plans and transfer all of the assets into JRI's qualified salary reduction plan.

(9) CONTINGENCIES

The Agency, from time-to-time, is the defendant in lawsuits. It is management's opinion 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, Connecticut, Rhode Island, and Pennsylvania. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At times during the year, certain cash balances exceeded 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.

Also see Note 2.

(11) RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2013, CCAV charged CCS $101,828 for transportation services provided to CCS consumers and CCS charged CCAV $68,060 for management services. CCS also pays for other costs on behalf of CCAV, which are reimbursed to CCS. These amounts have been eliminated in the accompanying combined financial statements.

JRI and CCS pay for other costs on behalf of the LLC, which are then reimbursed. These amounts have been eliminated in the accompanying combined financial statements. At June 30, 2013, the LLC owed $16,345 to JRI.

A member of the Board of Trustees of JRI is employed by an insurance agency from which the Agency purchased certain insurance. Premiums totaling $96,146 were paid to this insurance agency during fiscal year 2013.

During fiscal year 2013, the daughter of a Vice President of JRI provided website design services to the Agency and was compensated $5,125 for the services.

(12) CONSTRUCTION IN PROGRESS

At June 30, 2013, construction in progress consists primarily of renovations to the Agency's facilities at its Meadowridge location, with project costs incurred of approximately $2,340,000. These renovations are expected to be completed and placed in service by the end of fiscal year 2014, with a total expected cost of approximately $3,070,000. Also included in construction in progress as of June 30, 2013, are various other projects with project costs incurred totaling approximately $458,000, which are all expected to be completed and placed in service during fiscal year 2014. All of these project costs are expected to be funded by operations.

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATES

COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

	JUSTICE RESOURCE INSTITUTE, INC.				EAGLE COMMUNITY CARE ESTATES, LLC	ELIMI-NATIONS	COMBINED TOTAL
ASSETS	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL			
CURRENT ASSETS:							
Cash and cash equivalents	$ 9,168,572	$ 984,823	$ 85,728	$ 10,239,123	$ 96,763	$ -	$ 10,335,886
Accounts receivable, net of allowance for doubtful accounts of approximately $150,000	14,634,440	-	-	14,634,440	-	-	14,634,440
Prepaid expenses and other	3,344,156	-	-	3,344,156	90	-	3,344,246
Investments	7,313,310	-	50,000	7,363,310	-	-	7,363,310
Total current assets	34,460,478	984,823	135,728	35,581,029	96,853	-	35,677,882
PROPERTY AND EQUIPMENT, at cost							
Land, buildings and improvements	56,035,260	-	-	56,035,260	3,110,709	-	59,145,969
Office furniture and equipment	4,186,139	-	-	4,186,139	-	-	4,186,139
Motor vehicles	2,832,382	-	-	2,832,382	-	-	2,832,382
Leasehold improvements	1,264,518	-	-	1,264,518	-	-	1,264,518
	64,318,299	-	-	64,318,299	3,110,709	-	67,429,008
Less - accumulated depreciation	22,097,404	-	-	22,097,404	-	-	22,097,404
Net property and equipment	42,220,895	-	-	42,220,895	3,110,709	-	45,331,604
OTHER ASSETS:							
Construction in progress	2,797,917	-	-	2,797,917	-	-	2,797,917
Due from affiliates	16,345	-	-	16,345	-	(16,345)	-
Restricted cash	-	-	-	-	150,434	-	150,434
Financing fees, net of accumulated amortization of $13,796	215,549	-	-	215,549	-	-	215,549
Total other assets	3,029,811	-	-	3,029,811	150,434	(16,345)	3,163,900
Total assets	$ 79,711,184	$ 984,823	$ 135,728	$ 80,831,735	$ 3,357,996	$ (16,345)	$ 84,173,386
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES:							
Current portion of long-term debt	$ 493,727	$ -	$ -	$ 493,727	$ 9,477	$ -	$ 503,204
Accounts payable	2,008,313	-	-	2,008,313	13,773	-	2,022,086
Accrued expenses	7,126,818	-	-	7,126,818	-	-	7,126,818
Total current liabilities	9,628,858	-	-	9,628,858	23,250	-	9,652,108
LONG-TERM LIABILITIES:							
Long-term debt, net of current portion	16,001,162	-	-	16,001,162	311,156	-	16,312,318
Contingent notes payable	100,000	-	-	100,000	2,640,760	-	2,740,760
Due to affiliates	-	-	-	-	16,345	(16,345)	-
Pension benefits liability	6,230,261	-	-	6,230,261	-	-	6,230,261
Total liabilities	31,960,281	-	-	31,960,281	2,991,511	(16,345)	34,935,447
NET ASSETS:							
Unrestricted							
Operating							
Working capital	21,320,302	-	-	21,320,302	66,735	-	21,387,037
Pension plan	(3,466,797)	-	-	(3,466,797)	-	-	(3,466,797)
Total operating	17,853,505	-	-	17,853,505	66,735	-	17,920,240
Property and equipment	28,278,955	-	-	28,278,955	299,750	-	28,578,705
Custodial property and equipment	18,588	-	-	18,588	-	-	18,588
Board designated							
Trauma Center	866,769	-	-	866,769	-	-	866,769
Jacobus Fund	375,988	-	-	375,988	-	-	375,988
Capital Reserve	258,946	-	-	258,946	-	-	258,946
Ward Endowment	50,000	-	-	50,000	-	-	50,000
Stabilization Fund	48,152	-	-	48,152	-	-	48,152
Total unrestricted	47,750,903	-	-	47,750,903	366,485	-	48,117,388
Temporarily restricted	-	984,823	-	984,823	-	-	984,823
Permanently restricted	-	-	135,728	135,728	-	-	135,728
Total net assets	47,750,903	984,823	135,728	48,871,454	366,485	-	49,237,939
Total liabilities and net assets	$ 79,711,184	$ 984,823	$ 135,728	$ 80,831,735	$ 3,357,996	$ (16,345)	$ 84,173,386

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATES

COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	JUSTICE RESOURCE INSTITUTE, INC.								
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	COMMUNITY CARE SERVICES, INC.	EAGLE COMMUNITY CARE ESTATES, LLC	COMMUNITY CARE-A-VANS, INC.	ELIMI-NATIONS	COMBINED TOTAL
OPERATING REVENUES:									
Contracts and service fees	$ 105,047,733	$ -	$ -	$ 105,047,733	$ 8,673,960	$ -	$ 545,948	$ (101,828)	$ 114,165,813
Grants and contributions	524,592	575,929	-	1,100,521	44,634	33,466	10,512	-	1,189,133
Miscellaneous income	323,882	-	-	323,882	89,643	-	-	(68,060)	345,465
Interest and dividends	287,746	-	-	287,746	18,239	151	-	-	306,136
Rental income	166,867	-	-	166,867	36,462	84,332	-	-	287,661
Consulting income	15,605	-	-	15,605	6,729	-	-	-	22,334
Net assets released from purpose restrictions	278,568	(278,568)	-	-	-	-	-	-	-
Total operating revenues	106,644,993	297,361	-	106,942,354	8,869,667	117,949	556,460	(169,888)	116,316,542
OPERATING EXPENSES:									
Program services	95,668,204	-	-	95,668,204	7,851,186	155,154	548,152	(101,828)	104,120,868
General and administrative	7,962,466	-	-	7,962,466	1,174,314	-	68,060	(68,060)	9,136,780
Total operating expenses	103,630,670	-	-	103,630,670	9,025,500	155,154	616,212	(169,888)	113,257,648
Changes in net assets from operations	3,014,323	297,361	-	3,311,684	(155,833)	(37,205)	(59,752)	-	3,058,894
NON-OPERATING REVENUES:									
Contribution income - acquisition	3,769,407	-	-	3,769,407	-	403,690	-	-	4,173,097
Unrealized gain on funded status of pension plan	3,964,387	-	-	3,964,387	-	-	-	-	3,964,387
Investment gain, net	169,512	-	-	169,512	71,979	-	-	-	241,491
Net gain on sale or disposal of property and equipment	1,707	-	-	1,707	-	-	34,554	-	36,261
Total non-operating revenues	7,905,013	-	-	7,905,013	71,979	403,690	34,554	-	8,415,236
Changes in net assets	10,919,336	297,361	-	11,216,697	(83,854)	366,485	(25,198)	-	11,474,130
NET ASSET TRANSFERS - MERGER	(109,052)	-	-	(109,052)	83,854	-	25,198	-	-
Changes in net assets after net asset transfers - merger	$ 10,810,284	$ 297,361	$ -	$ 11,107,645	$ -	$ 366,485	$ -	$ -	$ 11,474,130