JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND
OMB CIRCULAR A-133
JUNE 30, 2015 AND 2014

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

Contents
June 30, 2015 and 2014

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Unmodified Opinion on Consolidated Financial Statements Accompanied by Other Information – Not-For-Profit Entity

Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Justice Resource Institute, Inc. (a Massachusetts corporation, not for profit) and Affiliate (collectively, the Agency) which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to on page one present fairly, in all material respects, the consolidated financial position of Justice Resource Institute, Inc. and Affiliate as of June 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental consolidating information shown on pages 23 through 26 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Additionally, the Schedule of Expenditures of Federal Awards for the year ended June 30, 2015, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2015, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

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

Wellesley, Massachusetts
November 3, 2015

Consolidated Statements of Financial Position
June 30, 2015 and 2014

	2015				2014			
Assets	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Current Assets:								
Cash and cash equivalents	$ 14,129,537	$ 2,025,650	$ 85,728	$ 16,240,915	$ 6,721,739	$ 1,663,197	$ 85,728	$ 8,470,664
Accounts receivable, net of allowance for doubtful accounts of approximately $261,000 and $230,000 as of June 30, 2015 and 2014, respectively	17,896,748	-	-	17,896,748	18,404,554	-	-	18,404,554
Prepaid expenses and other	7,334,319	-	-	7,334,319	6,203,944	-	-	6,203,944
Investments	9,119,248	-	50,000	9,169,248	9,308,332	-	50,000	9,358,332
Total current assets	48,479,852	2,025,650	135,728	50,641,230	40,638,569	1,663,197	135,728	42,437,494
Property and Equipment, at cost:								
Land, buildings and improvements	62,910,098	-	-	62,910,098	64,116,902	-	-	64,116,902
Office furniture and equipment	4,220,570	-	-	4,220,570	3,986,669	-	-	3,986,669
Motor vehicles	3,449,672	-	-	3,449,672	2,985,557	-	-	2,985,557
Leasehold improvements	1,219,529	-	-	1,219,529	1,097,727	-	-	1,097,727
	71,799,869	-	-	71,799,869	72,186,855	-	-	72,186,855
Less - accumulated depreciation	27,363,146	-	-	27,363,146	24,282,277	-	-	24,282,277
Net property and equipment	44,436,723	-	-	44,436,723	47,904,578	-	-	47,904,578
Other Assets:								
Construction in progress	2,249,815	-	-	2,249,815	1,143,081	-	-	1,143,081
Restricted cash	-	-	-	-	172,218	-	-	172,218
Financing fees, net of accumulated amortization of $32,486 and $20,957 as of June 30, 2015 and 2014, respectively	281,706	-	-	281,706	206,799	-	-	206,799
Total other assets	2,531,521	-	-	2,531,521	1,522,098	-	-	1,522,098
Total assets	$ 95,448,096	$ 2,025,650	$ 135,728	$ 97,609,474	$ 90,065,245	$ 1,663,197	$ 135,728	$ 91,864,170
Liabilities and Net Assets								
Current Liabilities:								
Current portion of long-term debt	$ 583,515	$ -	$ -	$ 583,515	$ 565,335	$ -	$ -	$ 565,335
Accounts payable	2,352,476	-	-	2,352,476	2,651,383	-	-	2,651,383
Accrued expenses and other current liabilities	9,400,669	-	-	9,400,669	7,911,383	-	-	7,911,383
Total current liabilities	12,336,660	-	-	12,336,660	11,128,101	-	-	11,128,101
Long-Term Liabilities:								
Long-term debt, net of current portion	17,743,973	-	-	17,743,973	15,364,313	-	-	15,364,313
Contingent notes payable	100,000	-	-	100,000	2,740,760	-	-	2,740,760
Pension benefits liability	9,563,280	-	-	9,563,280	5,326,519	-	-	5,326,519
Total liabilities	39,743,913	-	-	39,743,913	34,559,693	-	-	34,559,693
Net Assets:								
Unrestricted:								
Operating:								
Working capital	28,420,142	-	-	28,420,142	23,061,494	-	-	23,061,494
Pension plan	(3,180,033)	-	-	(3,180,033)	27,583	-	-	27,583
Total operating	25,240,109	-	-	25,240,109	23,089,077	-	-	23,089,077
Property and equipment	28,534,654	-	-	28,534,654	30,700,449	-	-	30,700,449
Custodial property and equipment	6,102	-	-	6,102	55,819	-	-	55,819
Board designated	1,923,318	-	-	1,923,318	1,660,207	-	-	1,660,207
Total unrestricted	55,704,183	-	-	55,704,183	55,505,552	-	-	55,505,552
Temporarily restricted	-	2,025,650	-	2,025,650	-	1,663,197	-	1,663,197
Permanently restricted	-	-	135,728	135,728	-	-	135,728	135,728
Total net assets	55,704,183	2,025,650	135,728	57,865,561	55,505,552	1,663,197	135,728	57,304,477
Total liabilities and net assets	$ 95,448,096	$ 2,025,650	$ 135,728	$ 97,609,474	$ 90,065,245	$ 1,663,197	$ 135,728	$ 91,864,170

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

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

Consolidated Statements of Activities
For the Year Ended June 30, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues:								
Contracts and service fees	$ 142,904,606	$ -	$ -	$ 142,904,606	$ 132,262,861	$ -	$ -	$ 132,262,861
Grants and contributions	2,250,767	602,254	-	2,853,021	1,836,903	835,342	-	2,672,245
Consulting	2,193,525	-	-	2,193,525	1,366,213	-	-	1,366,213
Interest and dividends	455,411	-	-	455,411	90,276	-	-	90,276
Miscellaneous	281,212	-	-	281,212	513,119	-	-	513,119
Rental	243,458	-	-	243,458	248,222	-	-	248,222
Net assets released from purpose restrictions	239,801	(239,801)	-	-	156,968	(156,968)	-	-
Total operating revenues	148,568,780	362,453	-	148,931,233	136,474,562	678,374	-	137,152,936
Operating Expenses:								
Program services	130,971,107	-	-	130,971,107	119,175,048	-	-	119,175,048
General and administrative	12,153,804	-	-	12,153,804	11,394,141	-	-	11,394,141
Development	198,013	-	-	198,013	-	-	-	-
Total operating expenses	143,322,924	-	-	143,322,924	130,569,189	-	-	130,569,189
Changes in net assets from operations	5,245,856	362,453	-	5,608,309	5,905,373	678,374	-	6,583,747
Non-Operating Revenues (Expenses):								
Net loss on sale or disposal of property and equipment	(181,278)	-	-	(181,278)	(178,556)	-	-	(178,556)
Investment gain (loss), net	(629,186)	-	-	(629,186)	757,605	-	-	757,605
Unrealized gain (loss) on funded status of pension plan	(4,236,761)	-	-	(4,236,761)	903,742	-	-	903,742
Total non-operating revenues (expenses)	(5,047,225)	-	-	(5,047,225)	1,482,791	-	-	1,482,791
Changes in net assets	$ 198,631	$ 362,453	$ -	$ 561,084	$ 7,388,164	$ 678,374	$ -	$ 8,066,538

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

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

Consolidated Statements of Changes in Net Assets
For the Years Ended June 30, 2015 and 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets, June 30, 2013	$ 48,117,388	$ 984,823	$ 135,728	$ 49,237,939
Changes in net assets	7,388,164	678,374	-	8,066,538
Net Assets, June 30, 2014	55,505,552	1,663,197	135,728	57,304,477
Changes in net assets	198,631	362,453	-	561,084
Net Assets, June 30, 2015	$ 55,704,183	$ 2,025,650	$ 135,728	$ 57,865,561

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

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities:		
Changes in net assets	$ 561,084	$ 8,066,538
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	3,512,899	3,308,750
Amortization	11,529	8,750
Contribution income - acquisition	(106)	-
Unrealized (gain) loss on investments	575,913	(745,203)
Realized (gain) loss on sales of investments	53,273	(12,402)
Unrealized (gain) loss on funded status of pension plan	4,236,761	(903,742)
Net loss on sale or disposal of property and equipment	181,278	178,556
Changes in operating assets and liabilities:		
Accounts receivable	534,380	(3,770,114)
Prepaid expenses and other	(1,128,000)	(2,859,698)
Accounts payable	279,252	94,474
Accrued expenses and other current liabilities	1,489,006	784,565
Net cash provided by operating activities	10,307,269	4,150,474
Cash Flows from Investing Activities:		
Cash received via acquisition	9,936	-
Acquisition of property and equipment	(2,977,826)	(2,992,779)
Proceeds from the sale of property and equipment	152,815	33,306
Cash paid for construction in progress	(1,896,556)	(911,148)
Proceeds from sale of investments	8,456,862	1,343,848
Purchase of investments	(8,896,964)	(2,581,265)
(Deposit to) withdrawal from restricted cash	3,370	(21,784)
Net cash used in investing activities	(5,148,363)	(5,129,822)
Cash Flows from Financing Activities:		
Proceeds from long-term debt	4,890,000	-
Principal payments on long-term debt	(2,192,219)	(885,874)
Cash paid for financing fees	(86,436)	-
Net cash provided by (used in) financing activities	2,611,345	(885,874)
Net Change in Cash and Cash Equivalents	7,770,251	(1,865,222)
Cash and Cash Equivalents:		
Beginning of year	8,470,664	10,335,886
End of year	$ 16,240,915	$ 8,470,664
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 639,695	$ 528,587
Supplemental Disclosure of Non-Cash Transactions:		
Unrealized gain (loss) on investments	$ (575,913)	$ 745,203
Acquisition of property and equipment financed by accounts payable	$ 260,094	$ 876,752
Construction in progress placed in service	$ 789,822	$ 2,565,984
Contingent notes payable assumed by another Agency	$ 2,640,760	$ -

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

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2015
(With Summarized Comparative Totals for the Year Ended June 30, 2014)

	2015														2014
	Program Services										Support 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	Development	Total Support Services	Total	Total
Employee Compensation:															
Salaries	$ 14,998,336	$ 14,497,910	$ 21,545,919	$ 6,305,580	$ 5,215,097	$ 2,796,585	$ 3,395,308	$ 6,315,613	$ 79,799	$ 75,150,147	$ 5,536,193	$ 143,238	$ 5,679,431	$ 80,829,578	$ 75,653,533
Payroll taxes and fringe benefits	4,913,437	4,918,525	7,130,241	2,109,596	1,698,649	887,199	1,108,130	2,060,996	26,182	24,852,955	1,803,231	46,656	1,849,887	26,702,842	21,729,392
Total employee compensation	19,911,773	19,416,435	28,676,160	8,415,176	6,913,746	3,683,784	4,503,438	8,376,609	105,981	100,003,102	7,339,424	189,894	7,529,318	107,532,420	97,382,925
Occupancy:															
Facility	1,044,506	1,471,267	2,045,177	80,222	25,920	170,938	325,189	714,495	120,265	5,997,979	938,275	-	938,275	6,936,254	6,369,519
Facility operation	925,607	1,269,085	2,071,849	160,475	267,897	181,143	71,621	663,171	46,298	5,657,146	409,301	-	409,301	6,066,447	6,142,537
Total occupancy	1,970,113	2,740,352	4,117,026	240,697	293,817	352,081	396,810	1,377,666	166,563	11,655,125	1,347,576	-	1,347,576	13,002,701	12,512,056
Other Expenses:															
Subcontracted direct care	1,491,706	-	375	-	2,464	1,432,146	-	1,322,118	-	4,248,809	18,771	-	18,771	4,267,580	3,516,744
Consultation and direct care	100,301	331,783	570,567	379,837	123,242	762,534	242,027	5,930	-	2,516,221	158,892	-	158,892	2,675,113	2,938,452
Program supplies and materials	341,739	183,911	1,175,183	39,760	154,258	178,462	36,479	152,100	698	2,262,590	230,799	2,357	233,156	2,495,746	2,256,426
Meals	294,709	420,209	978,297	23,278	273,567	43,396	18,470	133,752	25	2,185,703	48,688	-	48,688	2,234,391	1,960,589
Client allowance/flex funds	642,104	180,709	239,700	28,507	46,888	509,530	9,234	131,607	-	1,788,279	1,431	-	1,431	1,789,710	1,544,053
Staff travel	848,190	160,174	107,046	38,481	22,477	53,474	209,229	132,916	81	1,572,068	136,504	2,805	139,309	1,711,377	1,541,264
Temporary help	182,471	90,770	176,217	-	30,186	-	303,350	7,240	-	790,234	743,413	-	743,413	1,533,647	1,098,838
Communications	316,616	138,998	92,891	47,347	27,279	47,706	56,964	99,936	4,049	831,786	544,089	-	544,089	1,375,875	1,141,789
Other	211,524	142,623	216,169	72,641	50,328	55,260	64,483	75,979	3,553	892,560	405,495	2,242	407,737	1,300,297	1,182,946
Transportation	129,267	244,015	188,971	19,134	35,881	32,028	18,531	173,083	-	840,910	172,778	-	172,778	1,013,688	1,179,772
Staff training and development	178,593	94,564	274,362	22,595	33,200	46,625	90,200	34,556	-	774,695	132,846	-	132,846	907,541	687,320
Insurance	976	1,581	-	874	1,725	-	647	-	8,344	14,147	606,308	-	606,308	620,455	608,572
Medicine and pharmacy	9,933	70,518	133,455	166,534	18,696	16,651	922	3,839	-	420,548	-	-	-	420,548	401,733
Professional fees	1,575	18	47,817	-	-	-	-	1,500	6,049	56,959	206,981	-	206,981	263,940	426,949
Printing and postage	16,598	17,520	11,942	5,094	4,284	35,231	19,142	7,517	43	117,371	59,809	715	60,524	177,895	188,761
Total other expenses	4,766,302	2,077,393	4,212,992	844,082	824,475	3,213,043	1,069,678	2,282,073	22,842	19,312,880	3,466,804	8,119	3,474,923	22,787,803	20,674,208
	$ 26,648,188	$ 24,234,180	$ 37,006,178	$ 9,499,955	$ 8,032,038	$ 7,248,908	$ 5,969,926	$ 12,036,348	$ 295,386	$ 130,971,107	$ 12,153,804	$ 198,013	$ 12,351,817	$ 143,322,924	$ 130,569,189

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

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2014

	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	$ 12,852,093	$ 13,434,588	$ 21,262,565	$ 5,970,960	$ 4,775,476	$ 3,500,891	$ 2,920,458	$ 5,692,569	$ 83,948	$ 70,493,548	$ 5,159,985	$ 75,653,533
Payroll taxes and fringe benefits	3,715,189	3,776,448	6,185,659	1,828,268	1,345,692	1,067,500	825,892	1,627,009	27,864	20,399,521	1,329,871	21,729,392
Total employee compensation	16,567,282	17,211,036	27,448,224	7,799,228	6,121,168	4,568,391	3,746,350	7,319,578	111,812	90,893,069	6,489,856	97,382,925
Occupancy:												
Facility	843,180	1,410,419	1,883,052	8,474	33,746	308,859	289,411	611,611	120,189	5,508,941	860,578	6,369,519
Facility operation	895,560	1,235,709	1,858,396	140,278	174,263	216,121	46,708	640,379	51,787	5,259,201	883,336	6,142,537
Total occupancy	1,738,740	2,646,128	3,741,448	148,752	208,009	524,980	336,119	1,251,990	171,976	10,768,142	1,743,914	12,512,056
Other Expenses:												
Subcontracted direct care	881,756	-	16,340	-	-	1,508,663	-	1,083,337	-	3,490,096	26,648	3,516,744
Consultation and direct care	88,075	315,333	546,812	325,412	175,617	1,104,992	209,273	7,356	-	2,772,870	165,582	2,938,452
Program supplies and materials	285,914	206,013	1,022,212	38,602	137,722	302,176	22,609	160,619	1,298	2,177,165	79,261	2,256,426
Meals	227,139	400,662	844,074	20,454	216,350	51,447	10,936	135,110	103	1,906,275	54,314	1,960,589
Client allowance/flex funds	473,816	101,242	272,794	30,100	43,263	473,882	7,547	141,334	-	1,543,978	75	1,544,053
Staff travel	664,001	163,191	131,891	40,621	25,811	65,604	185,538	129,140	2,194	1,407,991	133,273	1,541,264
Temporary help	197,635	8,283	70,217	-	50,271	484	175,767	3,260	-	505,917	592,921	1,098,838
Communications	241,638	135,990	101,280	35,819	26,828	38,003	59,902	87,900	3,544	730,904	410,885	1,141,789
Other	210,968	141,589	213,246	50,488	41,152	36,457	64,685	69,179	1,210	828,974	353,972	1,182,946
Transportation	149,679	258,306	219,582	20,412	35,821	15,472	12,945	277,061	-	989,278	190,494	1,179,772
Staff training and development	107,870	94,423	242,981	15,275	43,231	43,104	28,431	24,617	-	599,932	87,388	687,320
Insurance	681	-	-	-	1,815	-	681	-	8,474	11,651	596,921	608,572
Medicine and pharmacy	8,533	64,967	109,202	183,764	18,336	11,704	1,291	3,599	-	401,396	337	401,733
Professional fees	-	10,323	7,976	-	-	-	-	-	201	18,500	408,449	426,949
Printing and postage	14,623	16,931	15,392	4,208	4,529	37,951	26,790	8,437	49	128,910	59,851	188,761
Total other expenses	3,552,328	1,917,253	3,813,999	765,155	820,746	3,689,939	806,395	2,130,949	17,073	17,513,837	3,160,371	20,674,208
	$ 21,858,350	$ 21,774,417	$ 35,003,671	$ 8,713,135	$ 7,149,923	$ 8,783,310	$ 4,888,864	$ 10,702,517	$ 300,861	$ 119,175,048	$ 11,394,141	$ 130,569,189

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

1. OPERATIONS AND NONPROFIT STATUS

Operations

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 September 17, 2014, Boston Employment Services, Inc. d/b/a STRIVE (a Massachusetts corporation, not for profit) (STRIVE) merged into JRI, with JRI being the "surviving entity". On September 17, 2014, JRI assumed assets totaling $38,885 and liabilities of $38,779. The difference, $106, is included in miscellaneous revenue in the accompanying consolidated statement of activities for the year ended June 30, 2015, and has been recorded as contribution income - acquisition in accordance with *Accounting and Reporting for Combinations of Not-for-Profit Organizations*.

Eagle Community Care Estates, LLC (the LLC), a Massachusetts limited liability company, was established to own and operate seventeen units of housing for homeless families in Fall River, Massachusetts, with JRI as the sole member of the LLC. On June 29, 2015, JRI entered into an agreement with the Assisi Housing Corporation (AHC), a Massachusetts corporation, not-for-profit. This agreement required JRI to transfer certain assets and liabilities pertaining to the LLC (see Notes 6 and 7) to AHC. The result of the transfer was a net loss of $128,332, which is included in net gain (loss) on sale or disposal of property and equipment in the accompanying consolidated statement of activities for the year ended June 30, 2015.

Also on June 29, 2015, the LLC ceased operations and the remaining assets and liabilities of the LLC were transferred to JRI. Accordingly, the LLC's activities for the period July 1, 2014 to June 29, 2015, are included in the accompanying consolidated statement of activities for the year ended June 30, 2015. JRI plans to dissolve the LLC in fiscal year 2016.

Nonprofit Status

JRI is exempt from Federal income taxes as an organization (not private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). JRI is also exempt from state income taxes. Contributions made to JRI are deductible by donors within the IRC's requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

JRI and the LLC's (collectively, the Agency) consolidated 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 notes are to the FASB Accounting Standards Codification (ASC).

Principles of Consolidation

The consolidated financial statements include the accounts of JRI and the LLC as of and for the years ended June 30, 2015 and 2014. All significant inter-company accounts and transactions have been eliminated in the accompanying consolidated financial statements.

2. 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 $39,000 for the year ended June 30, 2015. There was no contractual allowance for the year ended June 30, 2014.

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 consolidated 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 for the year ended June 30, 2014.

- **Operating - pension plan** - represents pension plan activity in accordance with *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (see Note 9).

- **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 as of June 30, 2014.

- **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.

2. 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:

	2015	2014
Consulting and training, net revenue - Trauma Center	$ 1,497,330	$ 1,234,219
The Agency's match of Jacobus temporarily restricted gift and additional funds designated by the Agency	375,988	375,988
Match of Ward family permanently restricted gift (see below)	50,000	50,000
	$ 1,923,318	$ 1,660,207

Temporarily Restricted Net Assets:

Temporarily restricted net assets of $2,025,650 and $1,663,197 are restricted for various program purposes at June 30, 2015 and 2014, respectively.

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, 2015 and 2014. 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 consolidated financial statements (see above).

Also included in permanently restricted net assets at June 30, 2015 and 2014, 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.

Advertising Costs

The Agency expenses advertising costs as they are incurred. Advertising expense was approximately $99,000 and $184,000 for the years ended June 30, 2015 and 2014, respectively, and is included in other expenses in the accompanying consolidated statements of functional expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of consolidated 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 consolidated 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 $152,000 and $221,000 of office furniture and equipment were purchased with contract funds from the Commonwealth and other government funders as of June 30, 2015 and 2014, respectively. The Agency disposed of $68,792 of vehicles purchased with contract funds from other funders during fiscal year 2015. The Agency acquired $43,474 and disposed of $19,808 of office furniture and equipment purchased with contract funds from other funders during fiscal year 2014. Depreciation on these custodial assets was $6,243 and $6,143 for the years ended June 30, 2015 and 2014, respectively, and is included in facility in the accompanying consolidated statements of functional expenses.

Depreciation expense was $3,512,899 and $3,308,750 for the years ended June 30, 2015 and 2014, respectively, and is included in facility in the accompanying consolidated statements of functional expenses.

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 6) 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 years ended June 30, 2015 and 2014, was $11,529 and $8,750, respectively, and is included in facility in the accompanying consolidated statements of functional expenses. Amortization expense for the next five years will be approximately $13,000 per year.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the consolidated statements 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 4).

Fair Value Measurements

The Agency follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Agency would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Agency uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Agency. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

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 3 - Inputs that are unobservable and which require significant judgment or estimation.

An 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.

Investments

Investments are recorded in the consolidated financial statements at fair value. If an investment is directly held by the Agency and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The Agency's interests in alternative investment funds such as private debt, private equity, real estate, natural resources, and absolute return are generally reported at the net asset value (NAV) reported by fund managers, which is used as a practical expedient to estimate the fair value, unless it is probably that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2015 and 2014, the Agency had no plans to sell investments at amounts different from NAV.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Investments *(Continued)*

A summary of inputs used in valuing the Agency's investments as of June 30, 2015 and 2014, is included in Note 4.

Pension Benefit Obligations

The pension benefit obligation considers anticipated payout patterns as well as investment returns on available assets prior to payment. This obligation 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).

All other qualifying assets and liabilities are valued using Level 1 inputs.

Investments

Investments are maintained in three 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 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 (FIFO) method.

Subsequent Events

Subsequent events have been evaluated through November 3, 2015, which is the date the consolidated financial statements were issued. There were no events that met the criteria for recognition or disclosure in the consolidated financial statements.

Income Taxes

The Agency accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidated financial statements regarding a tax position taken or expected to be taken in a tax return. The Agency has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidated financial statements at June 30, 2015 and 2014. The Agency's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

3. FUNDING

The Agency receives income from various funding sources to compensate for services rendered under cost reimbursement and unit-rate contracts. Approximately 52% and 50% of contracts and service fees were received from various departments of the Commonwealth during the years ended June 30, 2015 and 2014, 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 consolidated financial position of the Agency as of June 30, 2015 and 2014, or on its consolidated changes in net assets for the years then ended.

3. FUNDING (Continued)

Approximately 45% and 50% of gross accounts receivable are due from the various departments of the Commonwealth at June 30, 2015 and 2014, respectively.

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 consolidated financial position of the Agency as of June 30, 2015 and 2014, or on its consolidated changes in net assets for the years then ended.

4. INVESTMENTS

The investment portfolio as of June 30, 2015 and 2014, summarized using fair value inputs (see Note 2) is as follows:

	2015			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds - equities	$ 6,311,353	$ -	$ -	$ 6,311,353
Mutual funds - bonds	1,335,234	-	-	1,335,234
Alternative investment - limited partnership	-	1,263,849	-	1,263,849
Money market	258,812	-	-	258,812
	$ 7,905,399	$ 1,263,849	$ -	$ 9,169,248

	2014			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds - equities	$ 3,715,830	$ -	$ -	$ 3,715,830
Mutual funds - bonds	2,566,521	-	-	2,566,521
Alternative investment - limited partnership	-	2,607,069	-	2,607,069
Money market	468,912	-	-	468,912
	$ 6,751,263	$ 2,607,069	$ -	$ 9,358,332

Investment gain (loss), net is comprised of the following for the years ended June 30:

	2015	**2014**
Realized gain (loss) on sales of investments	$ (53,273)	$ 12,402
Unrealized gain (loss) on investments	(575,913)	745,203
	$ (629,186)	$ 757,605

4. INVESTMENTS (Continued)

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 in the accompanying consolidated statements of financial position. Interest and dividends are reflected in operations and investment gain, net is included in non-operating activity in the accompanying consolidated statements 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 NAV 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.

5. ENDOWMENT FUNDS

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

	Unrestricted	Donor Restricted			
	Board-Designated	Temporarily Restricted	Permanently Restricted	Total Donor Restricted	Total Endowment
Endowment net assets, June 30, 2013	$ 50,000	$ -	$ 135,728	$ 135,728	$ 185,728
Investment income	8	15	-	15	23
Appropriation of endowment assets for expenditure	(8)	(15)	-	(15)	(23)
Endowment net assets, June 30, 2014	50,000	-	135,728	135,728	185,728
Investment income	95	163	-	163	258
Appropriation of endowment assets for expenditure	(95)	(163)	-	(163)	(258)
Endowment net assets, June 30, 2015	$ 50,000	$ -	$ 135,728	$ 135,728	$ 185,728

6. LONG-TERM DEBT

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

	2015	2014
$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 capital 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, and are due in various installments through November 17, 2038. The 2011 bonds are secured by specific properties owned by the Agency.	$ 13,303,462	$ 13,692,201
$3,690,000 note payable agreement with a bank, which accrues interest at 4.14% per annum. The note requires eighty-three monthly payments of principal and interest of $22,757 through July 2021, with a balloon payment of approximately $2,738,000 due in August 2021. The note is secured by specific properties owned by the Agency and contains a prepayment provision.	3,580,354	-
$1,200,000 note payable agreement with a bank, which accrues interest at 4.27% per annum. The note requires eighty-three monthly payments of $7,484 through July 2021, with a balloon payment of approximately $893,000 due in August 2021. The note is secured by specific properties owned by the Agency.	1,164,729	-
$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 July 2016, at which time a balloon payment of approximately $276,000 is due. The note is secured by property located in New Bedford, Massachusetts.	278,943	297,597
$900,000 note payable agreement with a bank, which accrued interest at 4.5%. The note required monthly payments of principal and interest of $5,694. The note was secured by property located in Taunton, Berkley, and Freetown, Massachusetts. This note was repaid in full during 2015.	-	841,802

6. LONG-TERM DEBT (Continued)

	2015	2014
$556,000 note payable agreement with a bank, which accrued interest at 4.75%. The note required monthly payments of principal and interest of $3,754. The note was secured by property located in Attleboro, Massachusetts. This note was repaid in full during 2015.	-	432,155
$480,000 note payable agreement with a bank, which accrued interest at 4.25%. The note required monthly payments of principal and interest of $3,941. The note was secured by property located in Attleboro, Massachusetts. This note was paid in full during 2015.	-	354,777
$340,000 note payable agreement between the LLC and a bank through the FHLB Affordable Housing Program, due March 31, 2026. The note accrued interest at 4.75% and required monthly payments of principal and interest of $2,037 through August 31, 2017, at which time the interest rate would adjust to the FHLB rate plus 3%. The note was secured by a second mortgage on property located in Fall River, Massachusetts. This note was assigned to AHC in June 2015 (see page 8).	-	311,116
	18,327,488	15,929,648
Less - current portion	583,515	565,335
	$ 17,743,973	$ 15,364,313

These notes contain certain financial and non-financial covenants with which the Agency must comply. As of June 30, 2015 and 2014, the Agency was in compliance with its debt covenants.

Future minimum principal payments of long-term debt are as follows:

2016	$ 583,515
2017	$ 861,104
2018	$ 603,512
2019	$ 623,939
2020	$ 644,621
Thereafter	$ 15,010,797

Total interest expense on the debt instruments disclosed above was $639,695 and $528,587 for the years ended June 30, 2015 and 2014, respectively, and is included in facility in the accompanying consolidated statements of functional expenses.

Line of Credit

The Agency has a demand line of credit agreement that allows for borrowings up to $3,000,000. Interest is payable monthly at the *Wall Street Journal's* prime rate (3.25% at June 30, 2015 and 2014), 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, 2015 and 2014. 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, 2015 and 2014, the Agency was in compliance with these covenants.

6. LONG-TERM DEBT (Continued)

The Agency also has a separate stand-alone letter of credit from the same bank for up to $910,000 as of June 30, 2015 (up to $500,000 as of June 30, 2014) pertaining to its being self-insured for worker's compensation. There was no interest charged on the line of credit or letter of credit during fiscal years 2015 and 2014. Subsequent to year-end the maximum amount available on this stand-alone letter of credit was increased to $1,100,000.

7. CONTINGENT NOTES PAYABLE

The Agency has the following contingent notes payable at June 30:

	2015	2014
$100,000 note payable from JRI to the City of Taunton for the renovations of a building owned by JRI. 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.	$ 100,000	$ 100,000
$890,760 note payable from the LLC to the Commonwealth of Massachusetts, Department of Housing and Community Development (DHCD). The note was non-interest bearing and was due in November 30, 2061. The note was transferred to AHC in June 2015 (see page 8).	-	890,760
$850,000 non-interest bearing note payable from the LLC to DHCD under the Affordable Housing Trust Fund program. There were no payments due until November 2041, the maturity date, unless the LLC had excess principal advances, as defined in the agreement. The note was transferred to AHC in June 2015 (see page 8).	-	850,000
$750,000 note payable from the LLC to Community Economic Development Assistance Corporation (CEDAC). The note was non-interest bearing and was due on November 30, 2041. The note was transferred to AHC in June 2015 (see page 8).	-	750,000
$150,000 note payable from the LLC to the City of Fall River under the Fall River HOME program. The note accrued simple interest at 1% per annum. Principal and accrued interest were due on November 30, 2041. The LLC did not accrue interest on this note as the amount was immaterial and the LLC did not believe the accrued interest would be due as long as the property was operated in accordance with the note payable agreement. The note was transferred to AHC in June 2015 (see page 8).	-	150,000
	$ 100,000	$ 2,740,760

7. CONTINGENT NOTES PAYABLE (Continued)

The LLC's contingent notes payable that were transferred to AHC during fiscal year 2015 were 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 on page 18, CEDAC required the LLC to establish a cash reserve as additional security for the notes. The balance of this reserve was $172,218 as of June 30, 2014, and is reflected as restricted cash in the accompanying consolidated statement of financial position. This amount was transferred to AHC in June 2015 (see page 8).

The contingent notes payable contain certain financial and non-financial covenants with which the Agency must comply. As of June 30, 2015 and 2014, the Agency was in compliance with these covenants.

8. 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. The monthly payments for these lease agreements range from approximately $400 to $32,000. 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 for additional terms of two to five years. In addition, the Agency also rents other facilities as a tenant-at-will.

Rent expense for the years ended June 30, 2015 and 2014, was $2,904,506 and $2,669,396, respectively. These costs are included in facility in the accompanying consolidated statements of functional expenses.

The future minimum lease payments are as follows:

2016	$ 1,639,388
2017	1,378,050
2018	1,078,611
2019	855,101
2020	507,072
Thereafter	3,515,711
Total minimum lease payments	$ 8,973,933

The Agency sublet leased space to third parties with monthly payments ranging from approximately $300 to $15,500. These agreements expired at various dates through May 2015. Total rental income for the years ended June 30, 2015 and 2014, was approximately $77,000, and is included in rental in the accompanying consolidated statements of activities.

The LLC provided housing under lease agreements that included both tenant and subsidized monthly rent payments. Total rental income, including subsidies, totaled approximately $166,000 and $171,000 for the years ended June 30, 2015 and 2014, respectively. These amounts are included in rental in the accompanying consolidated financial statements.

9. 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.

Net pension expense for fiscal years 2015 and 2014, which is included in payroll taxes and fringe benefits in the accompanying consolidated statements of functional expenses, includes the following components:

	2015	2014
Interest cost on projected benefit obligation	$ 3,267,182	$ 2,950,722
Service cost, benefits earned during the period	2,947,364	2,137,631
Amortization of prior service costs	2,342,984	-
Expected return on assets	(3,639,758)	(3,036,478)
Net amortization and gain deferral	53,083	157,487
Net pension costs	$ 4,970,855	$ 2,209,362

The weighted average assumptions used in the accounting for pension expense included a discount of 7.0% at June 30, 2015 and 2014. In addition, an increase in compensation levels of 3.0% was used in fiscal years 2015 and 2014. The expected long-term rate of return on assets was 7.5% in fiscal years 2015 and 2014. 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:

	2015	2014
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 46,135,118	$ 42,679,703
Interest cost	3,267,182	2,950,722
Service cost	2,947,364	2,137,631
Plan amendments	2,342,984	-
(Gain) loss	1,629,974	(478,827)
Benefits paid	(2,226,553)	(1,154,111)
Projected benefit obligation at end of year	54,096,069	46,135,118
Fair value of plan assets at end of year	50,916,036	46,162,701
Plan assets in excess of (deficient of) projected benefit obligation	$ (3,180,033)	$ 27,583

9. PENSION PLANS (Continued)

Defined Benefit Master Pension Plan (Continued)

Reconciliation of funded status:		
Plan assets in excess of (deficient of) projected benefit obligation	$ (3,180,033)	$ 27,583
Unrecognized net loss	9,563,280	5,326,519
Prepaid at year-end	$ 6,383,247	$ 5,354,102

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

	Benefit Payments	Employer Contributions
2016	$ 1,572,650	$ 6,000,000
2017	$ 1,841,838	$ 6,000,000
2018	$ 2,076,631	$ 6,000,000
2019	$ 2,509,618	$ 6,000,000
2020	$ 2,891,529	$ 6,000,000
2021 – 2025	$ 20,157,923	$ 30,000,000

The prepaid pension costs at June 30, 2015 and 2014, are included in prepaid expenses in the accompanying consolidated statements 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 consolidated statements of activities. The changes in the funded status of the Plan and prior year service costs were ($4,236,761) and $903,742 for the years ended June 30, 2015 and 2014, respectively, and are reflected as an unrealized gain (loss) on funded status of pension plan in the accompanying consolidated statements 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 2).

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 totaled $913,853 and $455,234 for the years ended June 30, 2015 and 2014, respectively. These costs are included in payroll taxes and fringe benefits in the accompanying consolidated statements 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.

10. 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 consolidated financial statements for any potential liability resulting from these lawsuits.

11. CONCENTRATIONS 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 3 for additional concentrations.

12. RELATED PARTY TRANSACTIONS

JRI paid amounts on behalf of the LLC, which are to be reimbursed. These amounts have been eliminated in the accompanying consolidated financial statements. The LLC owed JRI $20,266 as of June 30, 2014. This amount was repaid during fiscal year 2015 and no amounts were owed as of June 30, 2015.

The daughter of a Vice President of JRI provided website design services to the Agency during fiscal year 2014 and was compensated $8,343 for those services. No such services were provided to the Agency during fiscal year 2015.

13. CONSTRUCTION IN PROGRESS

At June 30, 2015, construction in progress consists primarily of renovations to the Agency's facilities at its Berkshire Meadows, Southeast Alternative Schools, Susan Wayne Center, and Journey Home locations and other various renovation projects, with total project costs incurred of approximately $2,250,000. These renovations are expected to be placed in service by the end of fiscal year 2016. At June 30, 2014, construction in progress consisted primarily of renovations to the Agency's facilities at its Meadowridge and Southeast Alternative Schools locations, with total project costs incurred of approximately $1,143,000. Approximately $982,000 of these renovations were completed and placed in service during fiscal year 2015. All of these project costs were funded by operations.

14. RECLASSIFICATIONS

Certain amounts in the June 30, 2014 consolidated financial statements have been reclassified to conform to the 2015 presentation.

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

Consolidating Statement of Financial Position
June 30, 2015

	Justice Resource Institute, Inc.				Eagle Community Care		
Assets	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**	**Estates, LLC**	**Eliminations**	**Consolidated Total**
Current Assets:							
Cash and cash equivalents	$ 14,129,537	$ 2,025,650	$ 85,728	$ 16,240,915	$ -	$ -	$ 16,240,915
Accounts receivable, net of allowance for doubtful accounts accounts of approximately $261,000	17,896,748	-	-	17,896,748	-	-	17,896,748
Prepaid expenses and other	7,334,319	-	-	7,334,319	-	-	7,334,319
Investments	9,119,248	-	50,000	9,169,248	-	-	9,169,248
Total current assets	48,479,852	2,025,650	135,728	50,641,230	-	-	50,641,230
Property and Equipment, at cost:							
Land, buildings and improvements	62,910,098	-	-	62,910,098	-	-	62,910,098
Office furniture and equipment	4,220,570	-	-	4,220,570	-	-	4,220,570
Motor vehicles	3,449,672	-	-	3,449,672	-	-	3,449,672
Leasehold improvements	1,219,529	-	-	1,219,529	-	-	1,219,529
	71,799,869	-	-	71,799,869	-	-	71,799,869
Less - accumulated depreciation	27,363,146	-	-	27,363,146	-	-	27,363,146
Net property and equipment	44,436,723	-	-	44,436,723	-	-	44,436,723
Other Assets:							
Construction in progress	2,249,815	-	-	2,249,815	-	-	2,249,815
Financing fees, net of accumulated amortization of $32,486	281,706	-	-	281,706	-	-	281,706
Total other assets	2,531,521	-	-	2,531,521	-	-	2,531,521
Total assets	$ 95,448,096	$ 2,025,650	$ 135,728	$ 97,609,474	$ -	$ -	$ 97,609,474
Liabilities and Net Assets							
Current Liabilities:							
Current portion of long-term debt	$ 583,515	$ -	$ -	$ 583,515	$ -	$ -	$ 583,515
Accounts payable	2,352,476	-	-	2,352,476	-	-	2,352,476
Accrued expenses and other current liabilities	9,400,669	-	-	9,400,669	-	-	9,400,669
Total current liabilities	12,336,660	-	-	12,336,660	-	-	12,336,660
Long-Term Liabilities:							
Long-term debt, net of current portion	17,743,973	-	-	17,743,973	-	-	17,743,973
Contingent notes payable	100,000	-	-	100,000	-	-	100,000
Pension benefits liability	9,563,280	-	-	9,563,280	-	-	9,563,280
Total liabilities	39,743,913	-	-	39,743,913	-	-	39,743,913
Net Assets:							
Unrestricted:							
Operating:							
Working capital	28,420,142	-	-	28,420,142	-	-	28,420,142
Pension plan	(3,180,033)	-	-	(3,180,033)	-	-	(3,180,033)
Total operating	25,240,109	-	-	25,240,109	-	-	25,240,109
Property and equipment	28,534,654	-	-	28,534,654	-	-	28,534,654
Custodial property and equipment	6,102	-	-	6,102	-	-	6,102
Board designated	1,923,318	-	-	1,923,318	-	-	1,923,318
Total unrestricted	55,704,183	-	-	55,704,183	-	-	55,704,183
Temporarily restricted	-	2,025,650	-	2,025,650	-	-	2,025,650
Permanently restricted	-	-	135,728	135,728	-	-	135,728
Total net assets	55,704,183	2,025,650	135,728	57,865,561	-	-	57,865,561
Total liabilities and net assets	$ 95,448,096	$ 2,025,650	$ 135,728	$ 97,609,474	$ -	$ -	$ 97,609,474

JUSTICE RESOURCE INSTITUTE, INC. AND AFFILIATE

Consolidating Statement of Financial Position
June 30, 2014

	Justice Resource Institute, Inc.				Eagle Community Care Estates, LLC	Eliminations	Consolidated Total
Assets	Unrestricted	Temporarily Restricted	Permanently Restricted	Total			
Current Assets:							
Cash and cash equivalents	$ 6,631,200	$ 1,663,197	$ 85,728	$ 8,380,125	$ 90,539	$ -	$ 8,470,664
Accounts receivable, net of allowance for doubtful accounts accounts of approximately $230,000	18,404,554	-	-	18,404,554	-	-	18,404,554
Prepaid expenses and other	6,197,137	-	-	6,197,137	6,807	-	6,203,944
Investments	9,308,332	-	50,000	9,358,332	-	-	9,358,332
Total current assets	40,541,223	1,663,197	135,728	42,340,148	97,346	-	42,437,494
Property and Equipment, at cost:							
Land, buildings and improvements	61,006,192	-	-	61,006,192	3,110,710	-	64,116,902
Office furniture and equipment	3,986,669	-	-	3,986,669	-	-	3,986,669
Motor vehicles	2,985,557	-	-	2,985,557	-	-	2,985,557
Leasehold improvements	1,097,727	-	-	1,097,727	-	-	1,097,727
	69,076,145	-	-	69,076,145	3,110,710	-	72,186,855
Less - accumulated depreciation	24,177,015	-	-	24,177,015	105,262	-	24,282,277
Net property and equipment	44,899,130	-	-	44,899,130	3,005,448	-	47,904,578
Other Assets:							
Construction in progress	1,143,081	-	-	1,143,081	-	-	1,143,081
Due from affiliate	20,266	-	-	20,266	-	(20,266)	-
Restricted cash	-	-	-	-	172,218	-	172,218
Financing fees, net of accumulated amortization of $20,957	206,799	-	-	206,799	-	-	206,799
Total other assets	1,370,146	-	-	1,370,146	172,218	(20,266)	1,522,098
Total assets	$ 86,810,499	$ 1,663,197	$ 135,728	$ 88,609,424	$ 3,275,012	$ (20,266)	$ 91,864,170
Liabilities and Net Assets							
Current Liabilities:							
Current portion of long-term debt	$ 555,398	$ -	$ -	$ 555,398	$ 9,937	$ -	$ 565,335
Accounts payable	2,650,999	-	-	2,650,999	384	-	2,651,383
Accrued expenses and other current liabilities	7,902,487	-	-	7,902,487	8,896	-	7,911,383
Total current liabilities	11,108,884	-	-	11,108,884	19,217	-	11,128,101
Long-Term Liabilities:							
Long-term debt, net of current portion	15,063,134	-	-	15,063,134	301,179	-	15,364,313
Contingent notes payable	100,000	-	-	100,000	2,640,760	-	2,740,760
Due to affiliate	-	-	-	-	20,266	(20,266)	-
Pension benefits liability	5,326,519	-	-	5,326,519	-	-	5,326,519
Total liabilities	31,598,537	-	-	31,598,537	2,981,422	(20,266)	34,559,693
Net Assets:							
Unrestricted:							
Operating:							
Working capital	22,993,694	-	-	22,993,694	67,800	-	23,061,494
Pension plan	27,583	-	-	27,583	-	-	27,583
Total operating	23,021,277	-	-	23,021,277	67,800	-	23,089,077
Property and equipment	30,474,659	-	-	30,474,659	225,790	-	30,700,449
Custodial property and equipment	55,819	-	-	55,819	-	-	55,819
Board designated	1,660,207	-	-	1,660,207	-	-	1,660,207
Total unrestricted	55,211,962	-	-	55,211,962	293,590	-	55,505,552
Temporarily restricted	-	1,663,197	-	1,663,197	-	-	1,663,197
Permanently restricted	-	-	135,728	135,728	-	-	135,728
Total net assets	55,211,962	1,663,197	135,728	57,010,887	293,590	-	57,304,477
Total liabilities and net assets	$ 86,810,499	$ 1,663,197	$ 135,728	$ 88,609,424	$ 3,275,012	$ (20,266)	$ 91,864,170

Consolidating Statement of Activities
For the Year Ended June 30, 2015

	Justice Resource Institute, Inc.				Eagle Community Care Estates, LLC	Eliminations	Consolidated Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total			
Operating Revenues:							
Contracts and service fees	$ 142,883,148	$ -	$ -	$ 142,883,148	$ 21,458	$ -	$ 142,904,606
Grants and contributions	2,250,767	602,254	-	2,853,021	-	-	2,853,021
Consulting	2,193,525	-	-	2,193,525	-	-	2,193,525
Interest and dividends	454,978	-	-	454,978	433	-	455,411
Miscellaneous	278,532	-	-	278,532	2,680	-	281,212
Rental	76,745	-	-	76,745	166,713	-	243,458
Net assets released from purpose restrictions	239,801	(239,801)	-	-	-	-	-
Total operating revenues	148,377,496	362,453	-	148,739,949	191,284	-	148,931,233
Operating Expenses:							
Program services	130,675,721	-	-	130,675,721	295,386	-	130,971,107
General and administrative	12,153,804	-	-	12,153,804	-	-	12,153,804
Development	198,013	-	-	198,013	-	-	198,013
Total operating expenses	143,027,538	-	-	143,027,538	295,386	-	143,322,924
Changes in net assets from operations	5,349,958	362,453	-	5,712,411	(104,102)	-	5,608,309
Non-Operating Expenses:							
Net loss on sale or disposal of property and equipment	(52,946)	-	-	(52,946)	(128,332)	-	(181,278)
Investment loss, net	(629,186)	-	-	(629,186)	-	-	(629,186)
Unrealized loss on funded status of pension plan	(4,236,761)	-	-	(4,236,761)	-	-	(4,236,761)
Total non-operating expenses	(4,918,893)	-	-	(4,918,893)	(128,332)	-	(5,047,225)
Changes in net assets	$ 431,065	$ 362,453	$ -	$ 793,518	$ (232,434)	$ -	$ 561,084

Consolidating Statement of Activities
For the Year Ended June 30, 2014

	Justice Resource Institute, Inc.				Eagle Community Care Estates, LLC	Eliminations	Consolidated Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total			
Operating Revenues:							
Contracts and service fees	$ 132,209,522	$ -	$ -	$ 132,209,522	$ 53,339	$ -	$ 132,262,861
Grants and contributions	1,836,903	835,342	-	2,672,245	-	-	2,672,245
Consulting	1,366,213	-	-	1,366,213	-	-	1,366,213
Interest and dividends	89,873	-	-	89,873	403	-	90,276
Miscellaneous	510,051	-	-	510,051	3,068	-	513,119
Rental	77,066	-	-	77,066	171,156	-	248,222
Net assets released from purpose restrictions	156,968	(156,968)	-	-	-	-	-
Total operating revenues	136,246,596	678,374	-	136,924,970	227,966	-	137,152,936
Operating Expenses:							
Program services	118,874,187	-	-	118,874,187	300,861	-	119,175,048
General and administrative	11,394,141	-	-	11,394,141	-	-	11,394,141
Total operating expenses	130,268,328	-	-	130,268,328	300,861	-	130,569,189
Changes in net assets from operations	5,978,268	678,374	-	6,656,642	(72,895)	-	6,583,747
Non-Operating Revenues (Expenses):							
Net loss on sale or disposal of property and equipment	(178,556)	-	-	(178,556)	-	-	(178,556)
Investment gain, net	757,605	-	-	757,605	-	-	757,605
Unrealized gain on funded status of pension plan	903,742	-	-	903,742	-	-	903,742
Total non-operating revenues (expenses)	1,482,791	-	-	1,482,791	-	-	1,482,791
Changes in net assets	$ 7,461,059	$ 678,374	$ -	$ 8,139,433	$ (72,895)	$ -	$ 8,066,538

JUSTICE RESOURCE INSTITUTE INC. AND AFFILIATE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	
U.S. Department of Housing and Urban Development				
Direct Funding:				
Housing Opportunities for Persons with AIDS	14.241	N/A	$ 753,222	(1)
Passed-through City of Boston Public Facilities Department:				
Housing Opportunities for Persons with AIDS	14.241	N/A	339,956	(1)
Supportive Housing Program	14.235	INTF4943MM3200120024	203,414	(4)
Emergency Solutions Grant Program	14.231	N/A	36,290	
Passed-through City of Lowell, Massachusetts:				
Housing Opportunities for Persons with AIDS	14.241	N/A	182,345	(1)
Passed-through City of Providence, Rhode Island:				
Housing Opportunities for Persons with AIDS	14.241	N/A	69,232	(1)
Passed-through City of Worcester, Massachusetts:				
Housing Opportunities for Persons with AIDS	14.241	N/A	9,692	(1)
Passed-through City of Fall River, Massachusetts, Department of Housing and Community Development:				
Community Development Block Grants / Entitlement Grants	14.218	N/A	150,000	
Passed-through Commonwealth of Massachusetts, Division of Housing and Community Development:				
Supportive Housing Program	14.235	OCD8100HSJRI12140100	63,139	(4)
U.S. Department of Health and Human Services				
Direct Funding:				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	N/A	735,437	(2)
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	N/A	305,836	
Passed-through Boston Public Health Commission:				
HIV Emergency Relief Project Grants	93.914	N/A	227,675	

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	
U.S. Department of Health and Human Services (Continued)				
Passed-through Commonwealth of Massachusetts, Department of Social Services:				
Social Services Block Grant	93.667	00092015PRODBASEADOP INTF00000000915CTGRP INTF00000000915CTRES INTF00000000915FNIF0 INTF00000000915FNSS0 INTF00000000915STARR INTF00000000915TPCB0 INTF0000000092015ADD INTF0000000092015CFC INTF0000000092015CON INTF0000051700619654 INTF0000051800619649 INTF0000052100619657 INTF0000000092015STR	2,035,903	
Temporary Assistance for Needy Families (TANF Cluster)	93.558	INTF00000000915CTGRP INTF00000000915CTRES INTF00000000915FNIF0 INTF00000000915STARR INTF0000000092015ADD INTF0000000092015CFC INTF0000000092015CON INTF0000000092015STR	2,292,137	
Passed-through Commonwealth of Massachusetts, Department of Public Health:				
HIV Care Formula Grants	93.917	INTF4943MM3200120024	328,354	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	INTF4942MM3100119043 INTF2301MM3RFR358174	136,728	(5)
Passed-through Commonwealth of Massachusetts, Department of Mental Health				
Block Grants for Community Mental Health Services	93.958	SCDMH521001252090000 SCDMH321001434190000	332,964	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	SCDMH621050061580000	105,896	(5)
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	SCDMH821014080240000	60,115	(2)
Passed-through the Children's Center:				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	N/A	11,726	(2)

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	
U.S. Department of Health and Human Services (Continued)				
Passed-through Brookline Mental Health Center:				
Basic Center Grant:	93.623	N/A	23,039	
Passed-through LUK, Inc.:				
Adoption Opportunities	93.652	N/A	72,873	
Passed-through Adelphi University:				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	N/A	9,282	(2)
Passed-through Safe Horizon Counseling Center:				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	N/A	56,997	(2)
Passed-through One Hope United:				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	N/A	39,271	(2)
Passed-through Washington State University:				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	N/A	31,296	(2)
U.S. Department of Health and Human Services (Continued)				
Passed-through the Fenway Institute:				
Minority Health and Health Disparities Research	93.307	N/A	34,182	
Passed-through the Administration on Children, Youth and Families Children's Bureau				
Child Abuse and Neglect Discretionary Activities	93.670	N/A	146,756	
U.S. Department of Agriculture				
Passed-through Commonwealth of Massachusetts, Department of Education:				
National School Lunch Program (Child Nutrition Cluster)	10.555	SCDOE15758D70532112A	50,302	
Child and Adult Care Food Program	10.558	SCDOE15758A70532117A SCDOE15758C70532117A SCDOE15758C70532117B SCDOE15758D70532112A SCDOE15758T70532117A SCDOE15758V70532117A	34,864	

JUSTICE RESOURCE INSTITUTE INC. AND AFFILIATE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	
U.S. Department of Justice				
Direct Funding:				
Services for Trafficking Victims	16.320	N/A	149,693	
Juvenile Mentoring Program	16.726	N/A	117,407	(3)
Crime Victim Assistance / Discretionary Grants	16.582	N/A	75,508	
Passed-through Commonwealth of Massachusetts, Victim and Witness Assistance Board: Crime Victim Assistance	16.575	VOCA2015JRII00000000	137,000	
Passed-through the Office of the Attorney General Juvenile Mentoring Program	16.726	N/A	191,100	(3)
Total Expenditures of Federal Awards			$ 9,549,631	

(1)	Total for CFDA # 14.241	$ 1,354,447
(2)	Total for CFDA # 93.243	$ 944,124
(3)	Total for CFDA # 16.726	$ 308,507
(4)	Total for CFDA # 14.235	$ 266,553
(5)	Total for CFDA # 93.959	$ 242,624

Note 1. **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal assistance activity of the Agency and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133*, Audits of States, Local Governments, and Non-Profit Organizations.*

Note 2. **Subrecipients**

CFDA Number	Program Name	Amount Provided to Subrecipients
93.959	Block Grants for Prevention and Treatment of Substance Abuse	$ 655,949
14.241	Housing Opportunities for Persons with AIDS	$ 645,151
93.243	Substance Abuse and Mental Health Services_ Projects of Regional and National Significance	$ 162,551
93.670	Child Abuse and Neglect Discretionary Activities	$ 36,766

Note 3. **Loan Outstanding**

The Community Development Block Grants/Entitlement Grants expenditures listed above include an outstanding loan balance of $150,000 at June 30, 2014. This loan did not have a balance at June 30, 2015.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Justice Resource Institute, Inc. and Affiliate (collectively, the Agency), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 3, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Wellesley, Massachusetts
November 3, 2015

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Justice Resource Institute, Inc. and Affiliate's (collectively, the Agency) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Agency's major Federal programs for the year ended June 30, 2015. The Agency's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Wellesley, Massachusetts
November 3, 2015

1. SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	____ Yes	**X** No
• Significant deficiency(ies) identified?	____ Yes	**X** None reported
Noncompliance material to consolidated financial statements noted?	____ Yes	**X** No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	____ Yes	**X** No
• Significant deficiency(ies) identified?	____ Yes	**X** None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	____ Yes	**X** No

Identification of major programs:

Program or Cluster Title	Federal CFDA Number
Housing Opportunities for Persons with AIDS	14.241
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243
Temporary Assistance for Needy Families (TANF Cluster)	93.558
Block Grants for Community Mental Health Services	93.958
Child Abuse and Neglect Discretionary Activities	93.670

Dollar threshold used to distinguish between Type A and Type B programs: $300,000.

Auditee qualified as low-risk auditee?	**X** Yes	____ No

2. CONSOLIDATED FINANCIAL STATEMENT FINDINGS

None

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None