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Virginia M. Barry, Ph.D.
Commissioner of Education
Tel. 603-271-3144

Paul K. Leather
Deputy Commissioner of Education
Tel. 603-271-3801

STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
101 Pleasant Street
Concord, N.H. 03301
FAX 603-271-1953
Citizens Services Line 1-800-339-9900

November 7, 2012

His Excellency, Governor John H. Lynch
and the Honorable Council
State House
Concord, New Hampshire 03301

100% Federal Funds

REQUESTED ACTION

Authorize the Department of Education to enter into a contract with JSI Research & Training, Inc. dba Community Health Institute, Concord, NH (vendor code 223846), to develop a nutrition and physical activity curriculum and supporting documents that are based on the USDA Child and Adult Care Food Program rules and regulations. The contractor will develop a curriculum training module that will be used for the training of Family Day Care Home Providers and teachers and administrators of Center Based Day Care facilities throughout New Hampshire. This contract will be effective from the date of Governor and Council approval through June 30, 2013 in an amount not to exceed \$12,500.00. These are 100% Federal Funds.

Funding for this request is available from:

	<u>FY13</u>
06-56-56-562510-3002-102-500731	\$12,500.00

EXPLANATION

The purpose of the contractor is to develop a curriculum training module for the Bureau of Nutrition Programs and Services, Division of Program Support, Department of Education that is based on United States Department of Agriculture (USDA) Child and Adult Care Food Program rules and regulations. (As per the State Administrative Expense reallocation grant that the Bureau of Nutrition Program and Services received).

Family Day Care Home Providers and teachers and administrators of Center Based Child Care Centers do not currently have training on nutrition and physical activity based on the recent USDA Child and Adult Care Food Program regulations. Therefore, the contractor will develop training that is focused on the most current science based young child feeding information and the new USDA meal pattern

His Excellency, Governor John H. Lynch

and the Honorable Council

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The contractor will also create a list of supporting material needs for the curriculum module as written. These materials may include, but not limited to, food models, utensils for young children, participant handouts, etc. Additionally, the contractor will develop a self-assessment/evaluation tool for the curriculum module. This evaluation tool will create outcome data that will be sent to the grantor, the United States Department of Agriculture.

A Request for Proposals (RFP) was advertised in the Manchester Union Leader, on August 27, 2012 through August 29, 2012 and was posted on the Department of Education's web site.

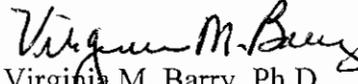
There was one (1) respondent to the RFP, JSI Research & Training, Inc. dba Community Health Institute (see rubric attached). The Department of Education would like to contract with JSI Research & Training, Inc. dba Community Health Institute based upon their proposal.

The Department of Education would like to contract with Community Health Institute (CHI) who has been providing technical assistance, training and evaluation and research for over 30 years to build capacity to implement public health improvement initiatives designed to meet community needs. The CHI team have extensive expertise developing training curriculums for various audiences on a wide variety of health topics, including trainings for child care teachers and administrators on nutrition and physical activity. They have extensive experience working with diverse populations and with organizations in various stages of development and capability. The CHI employs state of the art learning management and production tools and uses a variety of modalities including conferences, workshops, prerecorded training modules and webinars. The CHI designs and conducts evaluation research to provide valid, reliable and relevant evidence for improving public health programs.

This contract will be evaluated by the Department through monthly monitoring of the services provided. In addition, the vendor will submit reports to the Department on their progress in meeting the objectives of this contract.

In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,


Virginia M. Barry, Ph.D.
Commissioner of Education

VMB:ca
Enclosures

New Hampshire Food and Nutrition Services

Development of the Nutrition and Physical Activity Curriculum Training Module

FY2013

VENDOR	Does the proposal contain a concise abstract of experiences that explain the background they would bring to the role of contractor (50 points)	Does the proposal contain a description of the services that they could provide as a contractor (35 points)	Does the proposal contain an itemized budget of cost per hour times the number of hours of contracted service to be provided (15 points)	TOTAL
JSI Research & Training dba Community Health Institute	47.67	30.67	8.34	86.68

The committee members responsible for the review of the Develop the Nutrition and Physical Activity Curriculum Training Module proposals include the following individuals:

- Cheri White, Administrator, Food and Nutrition Services
- Carole Dennis, Program Specialist II, Food and Nutrition Services
- Kathy Hodges, Fiscal Manager, Food and Nutrition Services

The scoring for this proposal was conducted employing a consensus model.

The role of the committee members was advisory in nature. They provided information, analysis, and recommendations that were presented to the Commissioner of Education.

The Commissioner of Education reviews the information provided and makes the final decision regarding the award of such grants.

Subject: Develop the Nutrition & Physical Activity Curriculum Training Module

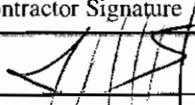
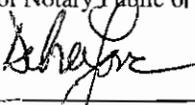
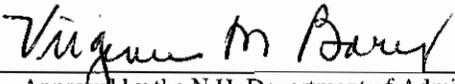
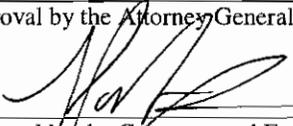
FORM NUMBER P-37 (version 1/09)

AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name <u>Department of Education, Bureau of Special Education</u>		1.2 State Agency Address <u>101 Pleasant Street, Concord NH 03301</u>	
1.3 Contractor Name <u>JSI Research & Training dba Community Health Institute</u>		1.4 Contractor Address <u>501 South Street, 2nd Floor, Bow, NH 03304</u>	
1.5 Contractor Phone Number <u>603-573-3303</u>	1.6 Account Number <u>see Exhibit B</u>	1.7 Completion Date <u>June 30, 2013</u>	1.8 Price Limitation <u>\$12,500.00</u>
1.9 Contracting Officer for State Agency <u>Judith Fillion, Ph.D., Director Division of Program Support</u>		1.10 State Agency Telephone Number <u>603-271-3855</u>	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory <u>Jonathan Stewart, Director</u>	
1.13 Acknowledgement: State of <u>N.H.</u> , County of <u>Merrimack</u> On <u>10/23/12</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace  [Seal]			
1.13.2 Name and Title of Notary or Justice of the Peace <u>DEBRA L. LOVE, Notary Public</u> <u>My Commission Expires December 3, 2013</u>			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory <u>Virginia M. Barry, Ph.D., Commissioner of Education</u>	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) By:  On: <u>11/20/12</u>			
1.18 Approval by the Governor and Executive Council By: _____ On: _____			

2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/COMPLETION OF SERVICES.
3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement ("Effective Date").
3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT. Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.
5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.
5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.
5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.
6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.
6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.
7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.
7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.
7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder (“Event of Default”):

- 8.1.1 failure to perform the Services satisfactorily or on schedule;
- 8.1.2 failure to submit any report required hereunder; and/or
- 8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

- 8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;
- 8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;
- 8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or
- 8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

9.1 As used in this Agreement, the word “data” shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. TERMINATION. In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report (“Termination Report”) describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination

Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. CONTRACTOR’S RELATION TO THE STATE. In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers’ compensation or other emoluments provided by the State to its employees.

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS. The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

13. INDEMNIFICATION. The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and

14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be

attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A (*"Workers' Compensation"*).

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

19. CONSTRUCTION OF AGREEMENT AND TERMS.

This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual

intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

EXHIBIT A

Scope of Services to be Provided

JSI Research & Training, Inc dba Community Health Institute will provide the following services as submitted in their proposal to the New Hampshire Department of Education from the date of Governor and Council approval to June 30, 2013

- a. The contractor will develop a curriculum module for adult students of varied educational backgrounds.
- b. The curriculum module will contain, but not be limited to the following information:
 - Teacher lesson plan
 - Participant handouts
 - List of other tools needed to support the lesson plan; and
 - Self-assessment/Evaluation tool
- c. The contractor may be expected to attend regular update meetings at the NH Department of Education in Concord. These meetings may be in person, on the phone or via e-mail.

Initial 
Date 10/23/12

EXHIBIT B

Budget and Payment Method

General Expenses:

Budget (through June 30, 2013)

Account Number: 10-056-30020000-102-500731

Description	Amount
Project Director	\$7,292.00
Senior Technical Advisor	\$1,499.00
Project Coordinator	\$3,709.00
Total	\$12,500.00

Limitation on Price: Upon mutual agreement between the state contracting officer and the contractor, line items in this budget may be adjusted one to another in no case shall the total budget exceed the price limitation of \$12,500.00

Method of Payment: Payment will be made on the basis of monthly invoices received by the 10th of the following month which are supported by a summary of activities that have taken place in accordance with the terms of the contract. If otherwise correct and acceptable, payment will be made.

Invoices will be submitted to:

Marjorie Schoonmaker
Department of Education
101 Pleasant St
Concord, NH 03301

Initial 
Date 10/23/12

EXHIBIT C

Any document(s) developed and published, as a project of the New Hampshire State Department of Education (NHDoE) Food and Nutrition Services, the NHDoE will be recognized as a sponsor.

Initial 
Date 10/23/12

CERTIFICATE OF VOTE/AUTHORITY

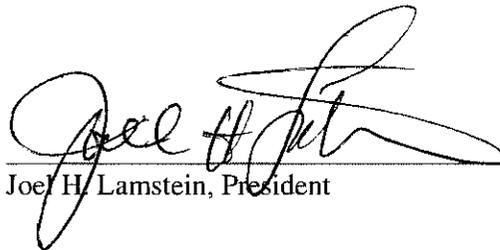
I, Joel H. Lamstein, of the JSI Research & Training Institute, Inc., d/b/a Community Health Institute, do hereby certify that:

1. I am the duly elected President of the JSI Research & Training Institute, Inc., d/b/a Community Health Institute;
2. By Unanimous Consent in Writing of the Board of Directors in Lieu of the 2008 Annual Meeting, the following is true copy of one resolution duly adopted by the Board of Directors of the JSI Research & Training Institute, Inc., d/b/a Community Health Institute, duly dated October 24, 2008;

RESOLVED: Appointment of Jonathan Stewart as Director of the Community Health Institute with the authority to enter into contracts and agreements binding the Corporation.

3. I further certify that the foregoing resolutions have not been amended or revoked and remain in full force and effect as of October 23, 2012.

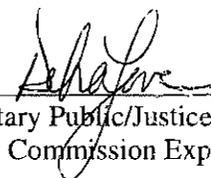
IN WITNESS WHEREOF, I have hereunto set my hand as the President of the JSI Research & Training Institute, Inc., d/b/a Community Health Institute this 23rd day of October, 2012.



Joel H. Lamstein, President

STATE OF New Hampshire
COUNTY OF Merrimack

The foregoing instrument was acknowledged before me this 23rd day of October, 2012 by Joel H. Lamstein.



Notary Public/Justice of the Peace
My Commission Expires: _____ **DEBRA L. LOVE, Notary Public**
My Commission Expires **December 3, 2013**



JSI Research and Training Institute, Inc

**Unanimous Consent in Writing of the Board of Directors
In Lieu of the 2008 Annual Meeting**

The undersigned, being all the Directors of **JSI Research and Training Institute, Inc.**, a Massachusetts corporation, by unanimous consent in writing pursuant to the authority contained in Chapter 180 of the General Laws of Massachusetts, without the formality of convening a meeting, hereby consents to the following actions of the Corporation:

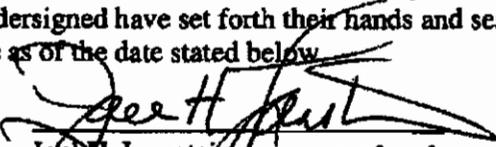
VOTED: That all the transactions, acts and doings of the Board of Directors since the previous Consent in lieu of annual meeting of Directors are hereby ratified and confirmed.

VOTED: That the Board of Directors of JSI Research & Training Institute, Inc. voted on October 24, 2008 to increase the vacation time, from 3 weeks per year to 4 weeks per year, for staff who have been employed 10 years or longer. This change will take effect 1/1/2009 and will be modified for those eligible after that date.

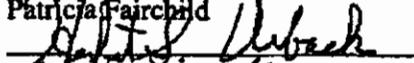
VOTED: That the following individuals are hereby elected as Officers of this Corporation:

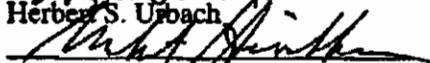
- | | |
|--------------------|---------------------|
| Joel H. Lamstein | President |
| Joel H. Lamstein | Treasurer |
| Patricia Fairchild | Secretary |
| Joanne B. McDade | Assistant Secretary |

IN WITNESS, WHEREOF the undersigned have set forth their hands and seals intending this consent to become effective as of the date stated below
Dated: October 24, 2008


Joel H. Lamstein


Patricia Fairchild


Herbert S. Urbach


Norbert Hirschhorn

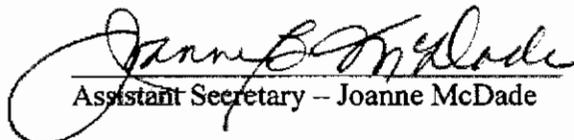
JSI Research and Training Institute, Inc.



Minutes: Board of Directors Annual Meeting
October 24, 2008

1. In lieu of convening an annual meeting, the Board of Directors of JSI Research and Training Institute, Inc delivered to the secretary of the corporation a "Unanimous Consent in Writing of the Board of Directors in Lieu of the 2008 Annual Meeting".
2. By unanimous consent, the following transactions, acts and doings of the Board of Directors since the previous Consent in lieu of annual meeting of members were ratified and confirmed:
 - Approval of Joel H. Lamstein signatory authority authorizing his signing for and executing all documents in the name of the Corporation including loan agreements, leases and contracts
 - Approval of "Signatory Authority List" authorizing those listed to sign in the name of the Corporation as limited by the terms of the List
 - Approval of salaries and bonuses for Fiscal Year 2008.
 - Approval of engagement of Norman Fougere as outside auditor for Fiscal Year 2008
 - Approval of Fiscal Year 2007 Financial Statements and A-133 Audit Report.
 - Approval of any and all new and amended contracts
 - Approval of renewal of \$6,500,000 line of credit with RBS Citizens Bank
 - Approval of the engagement of John Snow, Inc as a consultant for Fiscal Year 2008
 - Review and Approval of changes to employee handbooks and manuals.
 - Review of and discussions regarding DCAA audits, field audits and scheduled audits
 - Approval of all newly opened bank accounts
 - Approval of business expansion and any new leases entered into by the Corporation
 - Appointment of Jonathan Stewart as Director of the Community Health Institute with the authority to enter into contracts and agreements binding the Corporation
 - Any and all other transactions, acts and doings
3. By unanimous consent, vacation time was increased from 3 weeks per year to 4 weeks per year for staff who have been employed 10 years or longer. This change will go into effect on 1/1/2009 and will be modified for those eligible after that date.
4. By unanimous consent, the following individuals were elected as Officers of the Corporation:

Joel H. Lamstein – President
Joel H. Lamstein - Treasurer
Patricia Fairchild – Secretary
Joanne B. McDade – Assistant Secretary

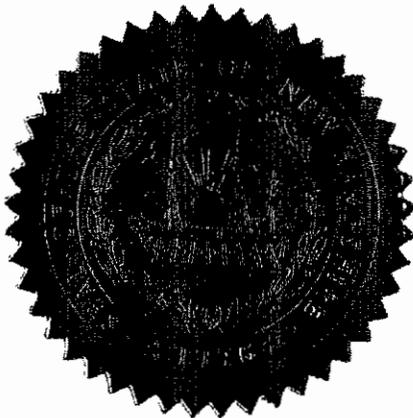

Assistant Secretary -- Joanne McDade

10/31/08
Dated

State of New Hampshire
Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that Community Health Institute is a New Hampshire trade name registered on March 29, 2007 and that JSI RESEARCH AND TRAINING INSTITUTE, INC. presently own(s) this trade name. I further certify that it is in good standing as far as this office is concerned, having paid the fees required by law.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 3rd day of April, A.D. 2012

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

About Us

The Community Health Institute (CHI) is New Hampshire's Public Health Institute working with public and private organizations to improve health status and foster innovation in health care and public health systems. Established in 1995 by JSI Research and Training Institute (JSI), in partnership with the New Hampshire Department of Health and Human Services and the Robert Wood Johnson Foundation, the CHI provides technical assistance and consulting, training and research and evaluation services to build capacity to carry out health care and public health improvement initiatives designed to meet community needs. We are successful when our work has a sustainable impact on individual and community ability to achieve desired health outcomes.

Who We Are

The New Hampshire Community Health Institute (CHI) was established in 1995 by the New Hampshire Department of Health and Human Services with funding provided by the Robert Wood Johnson Foundation. The goal of the initiative was to provide access to expertise and resources to strengthen New Hampshire's public health and health care system. The CHI continues to operate under the same mission and spirit for which it was initially established. It has established itself as a key contributor to the public health and health service delivery system in the state.

The CHI benefits from its relationships with JSI Research and Training Institute (JSI) and the National Networks of Public Health Institutes (NNPHI). The CHI is an office of JSI, a research and consulting firm dedicated to providing quality technical and managerial assistance to health and human services organizations throughout the world. Since its establishment in 1978, JSI has become a recognized leader in the implementation of improvements in primary care and public health, health policy, health care delivery, including maternal and child health, teen pregnancy prevention, family planning, HIV care, and substance abuse services. Through its focus on health policy, program evaluation, clinical care, prevention, training and management consulting, JSI applies practical, technically sound and innovative solutions to the challenges facing policy makers, health care agencies, and community-based organizations in both the public and private sectors for nearly a quarter century. JSI is headquartered in Boston, Massachusetts with offices throughout the United States, providing a national presence. The full resources of JSI, including over 4500 expert consultants, are available to the CHI as needed.

In 2001, the CHI was designated the State of New Hampshire's Public Health Institute and is an original member of the National Network of Public Health Institutes. As a Public Health Institute, the CHI promotes multi-sector activities resulting in measurable improvements of public health structures, systems and outcomes. The National Network of Public Health Institutes was formed in 2001 to facilitate public health institutes in their efforts to address critical and emerging public health issues. Public Health Institutes receive support from the Centers for Disease Control and Prevention through the NNPHI to strengthen the public health infrastructure in the United States.

Appendix A

Key Personnel Working on this Project

Martha Bradley
Tamara Calise
Alyson Cobb

JSI Research & Training Institute, Inc.
d.b.a Community Health Institute

Officers

<u>Name</u>	<u>Title</u>	<u>Address</u>
Joel H. Lamstein	President	45 Pinecrest Road Newton, MA 02159
Joel H. Lamstein	Treasurer	45 Pinecrest Road Newton, MA 02159
Patricia Fairchild	Clerk	80 Pineridge Road Newton, MA 02159
Joanne McDade	Assistant Clerk	10 Walton Street North Billerica, MA

Board of Directors

<u>Name</u>	<u>Address</u>
Joel H. Lamstein	45 Pinecrest Road Newton, MA 02159
Patricia Fairchild	80 Pineridge Road Newton, MA 02159
Herbert S. Urbach	70 Fuller Brook Road Wellesley, MA 02482
Norbert Hirschhorn	115 Greencroft Gardens London NW6 3PE England, U.K.

JSI RESEARCH AND TRAINING INSTITUTE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

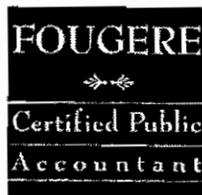
SEPTEMBER 30, 2011

**JSI Research and Training Institute, Inc.
September 30, 2011**

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NORMAN R. FOUGERE, JR. CPA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
JSI Research and Training Institute, Inc.

We have audited the accompanying statement of financial position of JSI Research and Training Institute, Inc. (a Massachusetts non-profit organization) as of September 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from JSI Research and Training Institute, Inc.'s 2010 financial statements, and in our report dated April 20, 2011, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JSI Research and Training Institute, Inc. as of September 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 10, 2012 on our consideration of JSI Research and Training Institute, Inc.'s internal control over financial reporting and 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 the internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of JSI Research and Training Institute, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Norman R. Fongue RCPA". The signature is written in a cursive style with a large initial "N".

Duxbury, Massachusetts
April 10, 2012

JSI Research and Training Institute, Inc.
STATEMENT OF FINANCIAL POSITION

September 30, 2011
(With Comparative Totals for 2010)

	2011	2010
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 30,376,741	\$ 22,222,390
Receivables for program work:		
U.S. Department of Health and Human Services	82,270	198,704
Commonwealth of Massachusetts	263,550	393,705
Other	1,658,434	2,184,411
Field advances - program	411,461	827,751
Employee advances	73,816	55,043
Total Current Assets	32,866,272	25,882,004
Property and Equipment:		
Office furniture and equipment	219,206	216,302
Less: Accumulated depreciation	(213,516)	(207,516)
Net Property and Equipment	5,690	8,786
Other Assets:		
Deposits	43,545	32,700
TOTAL ASSETS	\$ 32,915,507	\$ 25,923,490
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and payroll withholdings	\$ 1,910,386	\$ 1,521,110
Accrued vacation	915,939	862,375
Advances for program work:		
U.S. Agency for International Development	2,497,939	2,964,688
U.S. Dept. of Health and Human Services	18,352	80,850
U.S. Dept. of Homeland Security	-	164,274
Other	16,166,468	12,312,577
Loans payable	572,193	402,389
Contingencies	-	-
Total Current Liabilities	22,081,277	18,308,263
Net Assets:		
Unrestricted	10,834,230	7,615,227
Total Net Assets	10,834,230	7,615,227
TOTAL LIABILITIES AND NET ASSETS	\$ 32,915,507	\$ 25,923,490

See notes to financial statements.

JSI Research and Training Institute, Inc.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2011
(With Comparative Totals for 2010)

	2011	2010
UNRESTRICTED NET ASSETS:		
Public Support and Revenue		
Public Support:		
Government grants and contracts:		
U.S. Government	\$ 113,359,455	\$ 95,692,642
Commonwealth of Massachusetts	4,116,778	3,796,608
Other grants and contracts	28,472,866	51,151,395
Program income	211,341	366,501
Contributions	1,254,616	313,287
In Kind Project Contributions	3,676,017	12,263,648
Interest income	28,928	29,380
Total Unrestricted Support and Revenue	151,120,001	163,613,461
Expenses		
Program Services:		
International programs	125,569,002	141,003,887
Domestic programs	9,499,017	8,568,232
Total Program Services	135,068,019	149,572,119
Supporting Services:		
Management and General	12,832,979	12,170,236
Total Expenses	147,900,998	161,742,355
Increase (Decrease) in Unrestricted Net Assets	3,219,003	1,871,106
Net Assets at Beginning of Year	7,615,227	5,744,121
Net Assets at End of Year	\$ 10,834,230	\$ 7,615,227

See notes to financial statements.

JSI Research and Training Institute, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2011
(With Comparative Totals for 2010)

	PROGRAM SERVICES			SUPPORTING SERVICES		TOTAL EXPENSES	
	International Programs	Domestic Programs	Total	Management And General	2011	2010	
Salaries	\$ 12,165,178	\$ 4,071,224	\$ 16,236,402	\$ 2,214,623	\$ 18,451,025	\$ 17,119,991	
Consultants	8,483,494	2,102,400	10,585,894	64,382	10,650,276	12,368,422	
Cooperating National Salaries	16,063,822	-	16,063,822	-	16,063,822	15,210,623	
Travel	6,752,186	596,917	7,349,103	165,337	7,514,440	7,227,426	
Allowance & Training	3,847,513	625	3,848,138	104,658	3,952,796	3,215,805	
Sub-contracts	26,367,138	777,208	27,144,346	-	27,144,346	33,201,017	
Equipment, Material and Supplies	5,282,508	69,303	5,351,811	209,630	5,561,441	4,996,506	
Other Costs	42,931,146	1,881,340	44,812,486	10,068,349	54,880,835	56,134,917	
In-kind project expenses	3,676,017	-	3,676,017	-	3,676,017	12,263,648	
Depreciation	-	-	-	6,000	6,000	4,000	
TOTAL EXPENSE	\$ 125,569,002	\$ 9,499,017	\$ 135,068,019	\$ 12,832,979	\$ 147,900,998	\$ 161,742,355	

See notes to financial statements.

JSI Research and Training Institute, Inc.
STATEMENT OF CASH FLOWS
Year Ended September 30, 2011
(With Comparative Totals for 2010)

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Increase (Decrease) in net assets	\$ 3,219,003	\$ 1,871,106
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,000	4,000
(Increase) Decrease in receivables for program work	772,566	(641,246)
(Increase) Decrease in field advances - program	416,290	2,072,423
(Increase) Decrease in employee advances	(18,773)	24,479
(Increase) Decrease in deposits	(10,845)	(3,000)
Increase (Decrease) in accounts payable and payroll withholdings	389,276	(1,560,523)
Increase (Decrease) in accrued vacation	53,564	86,471
Increase (Decrease) in advances for program work	<u>3,160,370</u>	<u>2,317,443</u>
Net Cash Provided (Used) By Operating Activities	7,987,451	4,171,153
Cash Flows From Investing Activities:		
Acquisition of property and equipment	<u>(2,904)</u>	<u>(7,248)</u>
Net Cash Provided (Used) By Investing Activities	(2,904)	(7,248)
Cash Flows From Financing Activities:		
Proceeds from loans payable	804,124	697,762
Payments of loans payable	<u>(634,320)</u>	<u>(513,957)</u>
Net Cash Provided (Used) By Financing Activities	<u>169,804</u>	<u>183,805</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,154,351	4,347,710
Cash and Cash Equivalents at Beginning of Year	<u>22,222,390</u>	<u>17,874,680</u>
Cash and Cash Equivalents at End of Year	<u>\$ 30,376,741</u>	<u>\$ 22,222,390</u>

See notes to financial statements.

JSI Research and Training Institute, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

JSI Research and Training Institute, Inc. (the “Company”) is a not-for-profit corporation. The Company provides education and research primarily to non-profit health and human service agencies both in the United States and abroad. Current funding is principally from the United States Agency for International Development and the United States Department of Health and Human Services (HHS). The Company was organized on April 11, 1979.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The financial statements of the Company have been prepared utilizing the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The financial statements are presented in accordance with the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Company is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based upon the existence or absence of donor imposed restrictions. At September 30, 2011, there were no temporarily or permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Revenue Recognition

Unrestricted and restricted contributions are recognized as revenue at the date the pledge is made or the gift is received, whichever is earlier. Revenue from cost reimbursement contracts and grants is recorded as the related expenditures are incurred.

JSI Research and Training Institute, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Contributions

The Company adheres to SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under SFAS No. 116, contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction. Temporarily restricted support, whose restrictions are met in the same reporting period, are shown as unrestricted support.

Donated Materials and Services

Donated materials and services are recorded as in kind project contributions at their estimated fair market value as of the date of receipt and as an expense in the accompanying statements of activities. As required under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, donated services are recognized if the services received create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Company is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation as described in Section 509. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Cash and Cash Equivalents

The Company considers all monies in banks and highly liquid investments with maturity dates of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Receivables for Program Work

Receivables for program work are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts at September 30, 2011 was \$0.

JSI Research and Training Institute, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property and Equipment

Acquisitions of property and equipment in excess of \$1,500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method calculated to extinguish the book value of the respective assets over their estimated useful lives (5 - 7 years) of the related assets.

Prior Year Comparative Totals

The financial statements include prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Company's financial statements for the year ended September 30, 2010, from which the summarized information was derived.

Reclassification

Certain amounts for 2010 have been reclassified to conform to current year presentation.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Company maintains bank accounts at several banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times during the fiscal year, cash at these institutions exceeded federally insured limits. Management believes the risk in these situations to be minimal.

NOTE 4 – FIXED ASSETS AND ACCUMULATED DEPRECIATION

Property and equipment and accumulated depreciation account balances are as follows:

	2011		
	Cost	Accumulated Depreciation	Net
Office furniture, and equipment	\$ 219,206	\$ (213,516)	\$ 5,690
	\$ 219,206	\$ (213,516)	\$ 5,690

Depreciation expense was \$6,000 for the year ended September 30, 2011.

JSI Research and Training Institute, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2011

NOTE 5 – LOANS PAYABLE

Loans payable consist of various unsecured short-term loans, payable on demand, from John Snow, Inc., a related party (See NOTE 9). No interest is charged on the loans. The loans payable balance at September 30, 2011 is \$572,193.

NOTE 6 – CONTINGENCIES

In accordance with the terms of its federal and state grants and contracts, the records of the Company are subject to audit. The Company is, therefore, contingently liable for any disallowed costs. Management believes that any adjustment, which might result from such an audit, would be immaterial.

The Company is a co-borrower of a demand loan with no balance due at September 30, 2011. Management believes that the co-borrower is current on the loan and that its collateral exceeds the balance due. (See NOTE 9)

NOTE 7 – SURPLUS REVENUE RETENTION

In accordance with The Division of Purchased Services (DPS) Regulation, 808 CMR 1.19 (3), a provider of human services is allowed to retain a portion of its excess of support and revenue over expenses in a fiscal year (the "surplus"). A provider may retain as its surplus up to 5% of total revenue from Massachusetts sources during any fiscal year. In addition, a provider may retain a cumulative amount of surplus over a period of years not to exceed 20% of the prior year's total support and revenue from Massachusetts sources.

The following summarizes the Company's calculation of the surplus for fiscal year 2011 and on a cumulative basis:

	<u>Surplus Fund Balance</u>	<u>Other Fund Balance</u>	<u>Total Fund Balance</u>
Beginning of Year	\$ 364,921	\$ 7,250,306	\$ 7,615,227
Current Year	<u>111,353</u>	<u>3,107,650</u>	<u>3,219,003</u>
End of Year	<u>\$ 476,274</u>	<u>\$ 10,357,956</u>	<u>\$ 10,834,230</u>

JSI Research and Training Institute, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2011

NOTE 8 – COMMONWEALTH OF MASSACHUSETTS

The following is a schedule of expenditures with the Commonwealth of Massachusetts:

Accrued (deferred) Revenue at October 1, 2010	\$ 393,705
Receipts	(4,246,933)
Disbursements/expenditures	<u>4,116,778</u>
Accrued (deferred) Revenue at September 30, 2011	<u>\$ 263,550</u>

NOTE 9 – RELATED PARTY TRANSACTIONS

John Snow, Inc.

JSI Research and Training Institute, Inc. (an exempt organization) and John Snow, Inc. (a non-exempt corporation) purchase consulting services from each other. Mr. Joel Lamstein is President and Director of both organizations, and is the sole stockholder of John Snow, Inc. The two companies bill each other at the same rates that they bill the federal and state governments. During the year ended September 30, 2011, John Snow, Inc. billed JSI Research and Training Institute, Inc. \$9,416,191 for consulting services (technical support). This amount is reflected under the program services-consulting line item on the statement of functional expenses. In addition, JSI Research and Training Institute, Inc. performed consulting services (technical support) for John Snow, Inc. totaling \$8,161,294.

The two companies also share facilities and pool various overhead expenses. For the year ended September 30, 2011, JSI Research and Training Institute, Inc. incurred \$12,832,979 of overhead expenses (supporting services), of which \$2,980,126 was its share of John Snow, Inc. incurred costs.

JSI Research and Training Institute, Inc. is a co-borrower with John Snow, Inc. on a commercial demand loan-revolving line of credit with an expiration date of November 30, 2011, which allows for borrowings up to \$6,500,000. The loan is collateralized by a security agreement with a first position lien on all corporate assets of JSI Research and Training Institute, Inc. and John Snow, Inc. including assignment of promissory notes and security documents between the two companies. Interest is charged by utilizing a fluctuating rate based on LIBOR (Advantage) plus two percent (2.00%) payable monthly in arrears, which at September 30, 2011 was 2.34844%. At September 30, 2011, a balance of \$0 was outstanding on the loan. Management believes the loan payable will be extended, when due, under similar terms and conditions.

During the year ended September 30, 2011, John Snow, Inc. made an unrestricted contribution of \$250,000 to the Organization.

JSI Research and Training Institute, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2011

NOTE 9 – RELATED PARTY TRANSACTIONS - continued

Partnership for Supply Chain Management, Inc.

Partnership for Supply Chain Management, Inc. (PSCM) (an exempt organization) was incorporated on February 14, 2005 by JSI Research and Training Institute, Inc. and Management Sciences for Health, Inc.

PSCM has been awarded a U.S. government contract to procure and deliver life-saving medicines and medical supplies to treat HIV/AIDS patients worldwide. The contract for the Supply Chain Management System project was awarded through the U.S. Agency for the International Development as part of the U.S. government's five-year, \$15 billion President's Emergency Plan for AIDS Relief.

Mr. Joel Lamstein, President and Director of JSI Research and Training Institute, Inc., is President and Director of PSCM.

During the year ended September 30, 2011, JSI Research and Training Institute, Inc. billed PSCM \$31,899,601 for services performed.

Other

The Company has agreements with certain related companies to purchase services. Transactions with these companies were charged to sub-contracts expense and are as follows:

World Education, Inc. (an exempt organization; Mr. Joel Lamstein, president of JSI Research and Training Institute, Inc. is president of this company)	\$ 1,326,909
The Manoff Group, Inc. (a non-exempt corporation; 40% owned by John Snow, Inc.)	<u>87,757</u>
	<u><u>\$ 1,414,666</u></u>

JSI Research and Training Institute, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2011

NOTE 10 - PENSION PLAN

The Company has a defined contribution profit sharing/401(K) plan covering substantially all its employees. Employee contributions are voluntary. Employer contributions are based on a percentage (10% - 15% depending on length of service) of salary. The Plan was effective April 11, 1979. Pension expense was \$1,874,575 for the year ended September 30, 2011.

NOTE 11 – COMMITMENTS

Operating Leases

The Company leases space for general offices under operating leases expiring from 2012 through 2016. The leases contain renewal options for periods of up to 5 years.

During the year ended September 30, 2011, rentals under long-term lease obligations were \$396,309. Future obligations over the primary terms of the Company's long-term leases as of September 30, 2011 are:

<u>Year Ended</u> <u>September 30,</u>	
2012	\$ 393,736
2013	331,836
2014	220,932
2015	224,686
2016	132,344
2017	-
Thereafter	-
	<u>\$ 1,303,534</u>

JSI Research and Training Institute, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2011

NOTE 12 – CONCENTRATION OF FUNDING

The Company receives a majority of its funding through contracts and grants with various departments and agencies of the Federal government and from the Commonwealth of Massachusetts.

The Company received 10% or more of its revenues and support from the following sources for the year ended September 30, 2011:

	<u>Income Received</u>	<u>% of Total Income</u>
U.S. Agency for International Development	\$ 75,366,574	49.87%
Partnership for Supply Chain Management, Inc.	31,899,601	21.11%
	<u>\$ 107,266,175</u>	<u>70.98%</u>

NOTE 13 – IN KIND PROJECT CONTRIBUTIONS

The Company receives donated materials and services consisting of commodities, facilities and equipment, and services for use in its programs from overseas collaborative private voluntary organizations and from foundations providing grants directly to a project. Donated materials and services totaled \$3,676,017 for the year ended September 30, 2011, and are reflected as In Kind Project Contributions on the Statement of Activities and In Kind Project Expenses on the Statement of Functional Expenses.

These contributions satisfy part of the matching requirements needed to obtain full funding on certain U.S. Agency for International Development grants. During the year ended September 30, 2011, the following donated materials and services received by JSI Research and Training Institute, Inc. have been used to fulfill matching requirements on active grants:

36346	Ethiopia SNL	46,803
36359	Nepal Family Health Program II	254,934
36469	LI Smokers	30,013
36514	Liberia RBHS	2,763,848
36521	Uganda STAR-EC	472,767
36528	Nigeria Tship	904
36529	Ghana Focus	64,827
36598	Ethiopia UNICEF ICCM	17,370
36651	New Hampshire Volunteer Conference	24,551
		<u>\$ 3,676,017</u>

Supplementary Information

JSI Research and Training Institute, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2011

Federal Grantor/Pass-through Grantor Program Title	Agency or Pass-through Number	Federal CFDA Number	Federal Expenditures
U.S. Agency for International Development			
Direct Grants:			
36030 - Healthy Women in Georgia	114-A-00-03-00157-00	98.001	\$ 605
36088 - Zambia HIV/AIDS	690-A-00-04-00250-00	98.001	9,401
36100 - CAPACITY	176-A-00-04-00014-00	98.001	12,327
36112 - West Bank/Gaza MCHN	294-A-00-05-00201-00	98.001	4,398
36131 - Indonesia HSP	497-A-00-05-00031-00	98.001	558,460
36183 - Ukraine TEH	121-A-00-05-00709	98.001	2,260,910
36259 - Northern Central Uganda HIV	617-A-00-06-00009-00	98.001	6,490,422
36267 - Ukraine MIHP II	121-A-00-06-00708-00	98.001	882,997
36359 - Nepal Family Health Program II	367-A-00-08-00001-00	98.001	8,998,764
36514 - Liberia RBHS	669-A-00-09-00001-00	98.001	15,115,313
36521 - Uganda HIV/AIDS/TB	617-A-00-09-00007-00	98.001	8,135,570
36528 - Nigeria TSHIP	620-A-00-09-00014-00	98.001	17,246,728
36529 - Ghana Focus	641-A-00-09-00030-00	98.001	7,419,172
36532 - Turkmenistan YC	120-A-00-09-00029-00	98.001	142,002
36648 - Pakistan TAUH	391-A-00-11-01214-00	98.001	867,505
36662 - Madagascar CBIHP	687-A-00-11-00013-00	98.001	503,289
Total Direct Grants			<u>68,647,863</u>
Pass-through Grants:			
Passed through Partnership for Supply Chain Management, Inc. (PSCM):	GPO-I-00-05-00032-00	98.001	30,285,729
36211/36313/36524 - Supply Chain Management System			
Passed through World Education:			
36591 - Tanzania OVC	621-A-00-10-00024-00	98.001	72,764
Passed through Family Health International (FHI):			
36620 - Africa FHI Neglected Tropical Disease	OAA-A-10-00050	98.001	285,053
Passed through University of California:			
36666 - Malawi Program in Global Health	674-A-00-10-00035-00	98.001	10,551
Total Pass-through Grants			<u>30,654,097</u>
Total - CFDA #98.001			<u>99,301,960</u>
Direct Grants:			
36098 - Pakistan MNH Prog. Paimon	391-A-00-05-01037-00	98.004	6,723,107
Total - CFDA #98.004			<u>6,723,107</u>
TOTAL - U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT			<u>\$ 106,025,067</u>

JSI Research and Training Institute, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
Year Ended September 30, 2011

Federal Grantor/Pass-through Grantor Program Title	Agency or Pass-through Number	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass-through Grant:			
Passed through NACCHO:			
36595 - NH MRC Conferences	2010-051013	93.008	\$ 9,918
Total CFDA #93.008			9,918
Direct Grant:			
36612 - Project HOPE	MPPWH100030	93.015	206,264
Total CFDA #93.015			206,264
Pass-through Grant:			
Passed through State of New Hampshire:			
36502 - Conference on Aging	102-506731	93.043	90,303
Total CFDA #93.043			90,303
Pass-through Grant:			
Passed through Boston Medical Center:			
36688 - SHARE	90AP2654/02	93.048	2,515
Total CFDA #93.048			2,515
Direct Grants:			
36534 - CDC - Botswana IS	1U2GPS001958-01	93.067	13,128
36535 - CDC - Botswana IS	5U2GPS001958-02	93.067	723,947
36536 - CDC - Botswana IS	5U2GPS001958-03	93.067	1,557
36646 - CDC - Rwanda IS	5U2GPS001929-02	93.067	801,558
36746 - CDC - Rwanda IS	5U2GPS001929-03	93.067	55,894
Total CFDA #93.067			1,596,084
Pass-through Grants:			
Passed through State of New Hampshire:			
36491 - PH Prep TA II	PO#102234	93.069/93.889	118,044
36492 - PH Prep Training II	PO#102235	93.069/93.889	65,863
36681 - PH Prep FY 12	PO#1017180	93.069/93.889	36,121
Total CFDA #93.069/93.889			220,028
Pass-through Grant:			
Passed through Health Research, Inc.:			
36377 - HIV Qual Project	3334-01	93.145	37,051
Passed through Elizabeth Glaser Pediatric AIDS Foundation:			
36240 - Project Heart 2006	CA-06-8-900-01728-5-00	93.145	501,393
36647 - Uganda STAR - SW	UG-DD-9-290-02112-0	93.145	7,746
Total CFDA #93.145			546,190
Sub-Total			2,671,302

JSI Research and Training Institute, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year Ended September 30, 2011

Federal Grantor/Pass-through Grantor Program Title	Agency or Pass-through Number	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED			
Sub-Total from previous page			\$ 2,671,302
Direct Grants:			
36423 - RO Meeting Support	HHS-P233200800648P	93.153	\$ 4,029
36424 - OWH Support	HHS-P233200800647P	93.153	518
36493 - MRC Conference	HHS-SP233200900180M	93.153	836
36596 - 2010 COO Conference	HHS-P233201000426P	93.153	13,673
36617 - State Health Officer Meeting	HHS-P233201000471P	93.153	4,809
36618 - HAI Trainings	HHS-P233201000670P	93.153	26,686
36642 - IZ Stakeholders Meeting	HHS-P233201100147P	93.153	3,006
36656 - Culture of Data 2011	HHS-P233201100246P	93.153	1,905
Total Direct Grants			<u>55,462</u>
Pass-through Grants:			
Passed through Health Research, Inc.:			
36613 - National HIV Qual Project	3438-04	93.153	116,767
36691 - HIV/QUAL - US	3438-05	93.153	1,919
Total Pass-through Grants			<u>118,686</u>
Total CFDA #93.153			<u>174,148</u>
Pass-through Grants:			
Passed through State of New Hampshire:			
36489 - NH Center 4 Excellence	1003181	93.243	384,249
Passed through Span, Inc.:			
36452 - Span Evaluation	1H79T1020332-02	93.243	22,915
Passed through UWMB:			
36479 - SPF Region	1005	93.243	357
Total - CFDA #93.243			<u>407,521</u>
Direct Grants:			
36411 - Family Planning Personnel Training - Region VIII	FPTPA080012	93.260	1,022,478
36416/36417 - Family Planning Personnel Training - Reg. I	FPTPA010002	93.260	663,735
36418 - Family Planning Data System	FPTPA010002	93.260	346,988
Total - CFDA #93.260			<u>2,033,201</u>
Pass-through Grant:			
Passed through State of New Hampshire:			
36593 - NH Immun. Marketing	1009158	93.268	191,796
Total CFDA #93.268			<u>191,796</u>
Sub-Total			5,477,968

See notes to Schedule of Expenditures of Federal Awards.

JSI Research and Training Institute, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year Ended September 30, 2011

Federal Grantor/Pass-through Grantor Program Title	Agency or Pass-through Number	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED			
Sub-Total from previous page			\$ 5,477,968
Pass-through Grants:			
Passed through State of New Hampshire:			
36325 - TATS	102233	93.283	\$ 197,488
Passed through State of New Hampshire:			
36356 - PH PREP TA & Training	102234	93.283	1,442
Passed through State of New Hampshire:			
36673 - TATS	1018555	93.283/93.520	21,915
Passed through Commonwealth of Massachusetts			
Dept. of Public Health:			
Investigations and Technical Assist.	INTF-2915- M04900315005	93.283	50,269
Passed through Commonwealth of Massachusetts			
Dept. of Public Health:			
Investigations and Technical Assist.	INTF-4971- M04603614082	93.283	125,558
Passed through Commonwealth of Massachusetts			
Dept. of Public Health:			
CDC and Prevention Investigations and Technical Assistance	INTF-4971- M04603614082	93.283	40,929
Total - CFDA #93.283/93.520			<u>437,601</u>
Pass-through Grant:			
Passed through State of New Hampshire:			
36649 - ARRA - NH HAI Validation	1015154	93.717	60,941
Total - CFDA #93.717			<u>60,941</u>
Pass-through Grants:			
Passed through State of New Hampshire:			
36584 - ARRA - NH Quitline	1007769	93.723	336,683
36594 - ARRA - Tob/Obes	1009915	93.723	246,889
Total - CFDA #93.723			<u>583,572</u>
Pass-through Grant:			
Passed through BPHC:			
36604 - ARRA - BPHC Quitline	PO#21100745	93.724	338,230
Total - CFDA #93.724			<u>338,230</u>
Pass-through Grant:			
Passed through State of Colorado:			
36628 - Federally Qualified Health Centers & Rural Health Clinics	3111-0159	93.767	128,207
Total - CFDA #93.767			<u>128,207</u>
Sub-Total			7,026,519

See notes to Schedule of Expenditures of Federal Awards.

JSI Research and Training Institute, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year Ended September 30, 2011

Federal Grantor/Pass-through Grantor Program Title	Agency or Pass-through Number	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED			
Sub-Total from previous page			\$ 7,026,519
Pass-through Grant:			
Passed through State of New Hampshire:			
36607 - EIDSS	1011711	93.768	\$ 28,127
Total - CFDA #93.768			<u>28,127</u>
Pass-through Grant:			
Passed through State of New Hampshire:			
36623 - Rural Health and Primary Care	PO#1011440	93.913/93.130	38,102
Total - CFDA #93.913/93.130			<u>38,102</u>
Pass-through Grant:			
Passed through Commonwealth of Massachusetts			
Dept. of Public Health:			
HIV Care Formula Grants	INTF-4971-	93.917	197,391
Total - CFDA #93.917			<u>197,391</u>
Direct Grant:			
36487 - CDC CBA Project			
	U65PS001661	93.939	921,968
Total - CFDA #93.939			<u>921,968</u>
Pass-through Grant:			
Passed through Commonwealth of Massachusetts			
Dept. of Public Health:			
HIV Prevention Activities	INTF-4971-	93.940	207,836
Total - CFDA #93.940			<u>207,836</u>
Pass-through Grant:			
Passed through Commonwealth of Massachusetts			
Dept. of Public Health,			
HIV Demonstration, Research, Public and			
Professional Education Projects			
	INTF-4971-	93.941	34,131
Total - CFDA #93.941			<u>34,131</u>
Direct Grants:			
36087 - CBA (HIV) Prevention Serv. For Minority Pop.			
	U65/CCU123717	93.943	494
36506 - President's Emerg. Plan for AIDS Relief			
	5U62PS124534-05	93.943	180,375
Total - CFDA #93.943			<u>180,869</u>
Sub-Total			8,634,943

JSI Research and Training Institute, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year Ended September 30, 2011

Federal Grantor/Pass-through Grantor Program Title	Agency or Pass-through Number	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED			
Sub-Total			\$ 8,634,943
Pass-through Grant:			
Passed through Commonwealth of Massachusetts			
Dept. of Public Health:	INTF-4971-		
HIV/AIDS Surveillance	M04603614082	93.944	<u>20,700</u>
Total - CFDA #93.944			<u>20,700</u>
Direct Grants:			
36097 - State-based Safe Motherhood and Infant Health Initiative Programs	U62/CCU123541-0101	93.946	515
36615 - CDC Teen Pregnancy	UG-00-9-290-02112-0	93.946	<u>345,995</u>
Total - CFDA #93.946			<u>346,510</u>
TOTAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 9,002,153</u>

JSI Research and Training Institute, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year Ended September 30, 2011

Federal Grantor/Pass-through Grantor Program Title	Agency or Pass-through Number	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Grant:			
United States Coast Guard -			
35962 - Nat'l Estimate of Life Jacket Wear Rate	1902.12	97.012	\$ <u>584,991</u>
TOTAL - U.S. DEPARTMENT OF HOMELAND SECURITY			\$ <u>584,991</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Direct Grant:			
36606 - Healthy Homes Healthy Children	HC-96125301	66.110	\$ <u>25,018</u>
TOTAL - U.S. ENVIRONMENTAL PROTECTION AGENCY			\$ <u>25,018</u>
U.S. DEPARTMENT OF JUSTICE			
Pass-through Grants:			
Passed through State of New Hampshire:			
36641 - Adult Drug Court	2010DC01	16.585	\$ <u>13,721</u>
Total - CFDA #16.585			<u>13,721</u>
Passed through State of New Hampshire:			
36650 - Family Based Residential Substance Abuse Treatment	2010F7502	16.812	<u>4,548</u>
Total - CFDA #16.812			<u>4,548</u>
Passed through State of New Hampshire:			
36653 - Community Health Training	095CA04A	16.202	<u>2,000</u>
Total - CFDA #16.202			<u>2,000</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			\$ <u>20,269</u>
TOTAL FEDERAL AWARDS			\$ <u>115,657,498</u>

JSI Research and Training Institute, Inc.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2011

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of JSI Research and Training Institute, Inc. under programs of the federal government for the year ended September 30, 2011. 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*. Because the Schedule presents only a selected portion of the operations of JSI Research and Training Institute, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of JSI Research and Training Institute, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Catalog of Federal Domestic Assistance (CFDA) numbers are presented when available.

NOTE 3 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, JSI Research and Training Institute, Inc. provided federal awards to subrecipients as follows:

<u>Program</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
USAID Foreign Assistance for Programs Overseas	98.001	\$ 21,022,931
Non-Governmental Organization Strengthening	98.004	2,622,739
Public Health Emergency Preparedness	93.069/93.889	24,000
Substance Abuse and Mental Health Services	93.243	19,559
Family Planning - Personnel Training	93.260	63,138
ARRA - Prevention and Wellness-State, Territories and Pacific Islands	93.723	22,905
Health Communities Grant Program	66.110	15,173
Total Federal Awards Provided to Subrecipients		\$ 23,790,445
Non-Federal Awards Provided to Subrecipients		3,353,901
		<u>\$ 27,144,346</u>

The federal expenditures provided to subrecipients is reflected in the sub-contracts line item of the schedule of functional expenses.

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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***

To the Board of Directors of
JSI Research and Training Institute, Inc.

We have audited the financial statements of JSI Research and Training Institute, Inc. (a nonprofit organization) as of and for the year ended September 30, 2011, and have issued our report thereon dated April 10, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered JSI Research and Training Institute, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JSI Research and Training Institute, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or

material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

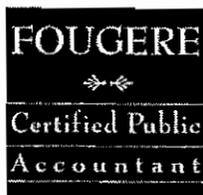
As part of obtaining reasonable assurance about whether JSI Research and Training Institute, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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*.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Norman R. Fitzgerald". The signature is written in a cursive style with a large, stylized initial "N".

Duxbury, Massachusetts
April 10, 2012

NORMAN R. FOUGERE, JR. CPA
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of
JSI Research and Training Institute, Inc.

Compliance

We have audited JSI Research and Training Institute, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of JSI Research and Training Institute, Inc.'s major federal programs for the year ended September 30, 2011. JSI Research and Training Institute, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of JSI Research and Training Institute, Inc.'s management. Our responsibility is to express an opinion on JSI Research and Training Institute, Inc.'s compliance based on our audit.

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 JSI Research and Training Institute, Inc.'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. Our audit does not provide a legal determination on JSI Research and Training Institute, Inc.'s compliance with those requirements.

In our opinion, JSI Research and Training Institute, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control Over Compliance

Management of JSI Research and Training Institute, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered JSI Research and Training Institute, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 JSI Research and Training Institute, Inc.'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 control 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.

Our consideration of the 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 that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Norman J. Jones CPA". The signature is written in a cursive style with a large initial "N".

Duxbury, Massachusetts
April 10, 2012

JSI Research and Training Institute, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of JSI Research and Training Institute, Inc.
2. No significant deficiencies were disclosed during the audit of the financial statements of JSI Research and Training Institute, Inc.
3. No instances of noncompliance material to the financial statements of JSI Research and Training Institute, Inc. were disclosed during the audit.
4. No significant deficiencies in internal control were disclosed during the audit of the major federal award programs of JSI Research and Training Institute, Inc.
5. The auditors' report on compliance for the major federal award programs for JSI Research and Training Institute, Inc. expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in this schedule in accordance with Sec. 510 (a) of OMB Circular A-133.
7. The programs tested as major programs included:

<u>Agency</u>	<u>Program Title</u>	<u>C.F.D.A. #</u>
Agency for International Development	USAID Foreign Assistance for Programs Overseas	98.001 (Cluster)
Agency for International Development	Non-Governmental Organization Strengthening (NGO)	98.004

8. The threshold for distinguishing Types A and B programs was \$3,000,000.
9. JSI Research and Training Institute, Inc. was determined to be a low-risk auditee.

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STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS

There were no reportable findings or questioned costs for the year ended September 30, 2011.

