THE JULIAN CENTER, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

Together with Independent Auditors' Report

DECEMBER 31, 2015 AND 2014

GREENWALT CPAs

We Deliver Peace of Mind

PH 317 241 2999
FAX 317 240 4485

Greenwalt CPAs, Inc.
5342 W. Vermont Street
Indianapolis, IN 46224
www.greenwaltcpas.com

GREENWALT CPAs

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Julian Center, Inc. and Subsidiary:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Julian Center, Inc. and Subsidiary (the Center), which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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 auditors consider 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 above present fairly, in all material respects, the financial position of the Center as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Consolidated Financial Statements

The consolidated financial statements of the Center as of December 31, 2014, were audited by other auditors whose report dated July 10, 2015, expressed an unmodified opinion on those statements.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the 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 June 16, 2016 on our consideration of the Center'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 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* in considering the Center's internal control over financial reporting and compliance.

June 16, 2016

THE JULIAN CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

ASSETS

	2015	2014
CURRENT ASSETS		
Cash	$ 520,459	$ 160,469
Grants receivable	237,793	103,581
Pledges receivable, net (Note 2)	129,144	71,529
Prepaid expenses	34,901	33,366
Donated inventory	113,370	17,000
Investments	4,432	3,416
Total current assets	1,040,099	389,361
LOANS AND ACCRUED INTEREST RECEIVABLE FROM RELATED PARTY (NOTE 3)	1,599,778	1,553,343
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (NOTE 4 AND NOTE 8)	736,012	728,310
PROPERTY AND EQUIPMENT, NET (NOTE 5)	6,009,963	6,134,268
Total assets	$ 9,385,852	$ 8,805,282

LIABILITIES AND NET ASSETS

	2015	2014
CURRENT LIABILITIES		
Accounts payable	$ 86,178	$ 116,338
Accrued payroll and related benefits	125,009	111,925
Current portion of capital lease liability	16,488	16,488
Other accrued liabilities	7,086	7,020
Deferred revenue	5,000	-
Total current liabilities	239,761	251,771
LONG-TERM LIABILITIES		
Capital lease liability, net of current portion	23,316	36,401
Line of credit (Note 6)	179,036	179,036
Total long-term liabilities	202,352	215,437
Total liabilities	442,113	467,208
COMMITMENTS (NOTE 9)		
NET ASSETS		
Unrestricted (includes net assets designated by the Board of Directors of $94,690 and $122,807 for 2015 and 2014)	8,183,340	7,623,899
Temporarily restricted	697,935	714,175
Permanently restricted	62,464	-
Total net assets	8,943,739	8,338,074
Total liabilities and net assets	$ 9,385,852	$ 8,805,282

See accompanying notes to financial statements.

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
REVENUE, GAINS, AND OTHER SUPPORT					
Public contributions	$ 1,320,125	$ 74,963	$ 62,464	$ 1,457,552	$ 1,302,698
Government grants	1,522,070	-	-	1,522,070	1,111,332
Thrift store and consignment sales	633,392	-	-	633,392	527,569
United Way	317,663	-	-	317,663	362,793
In-kind contributions	497,691	-	-	497,691	197,388
Fundraising events, net of expenses of $8,332	96,337	-	-	96,337	93,852
Rental income	42,600	-	-	42,600	42,600
Investment returns	46,235	-	-	46,235	41,936
Change in value of beneficial interest in assets held by others	(18,347)	-	-	(18,347)	55,378
Other income	38,051	-	-	38,051	25,519
Releases from restriction	91,203	(91,203)	-	-	-
Total revenue, gains, and other support	4,587,020	(16,240)	62,464	4,633,244	3,761,065
EXPENSES					
Program services:					
Resident services	2,007,155	-	-	2,007,155	2,051,128
Non-resident services	660,941	-	-	660,941	761,553
Thrifty Threads	436,953	-	-	436,953	435,171
Total program services	3,105,049	-	-	3,105,049	3,247,852
Supporting services:					
Management and general	529,647	-	-	529,647	604,557
Development	392,883	-	-	392,883	229,471
Total supporting services	922,530	-	-	922,530	834,028
Total expenses	4,027,579	-	-	4,027,579	4,081,880
CHANGE IN NET ASSETS	559,441	(16,240)	62,464	605,665	(320,815)
NET ASSETS, BEGINNING OF YEAR	7,623,899	714,175	-	8,338,074	8,658,889
NET ASSETS, END OF YEAR	$ 8,183,340	$ 697,935	$ 62,464	$ 8,943,739	$ 8,338,074

	Unrestricted	Temporarily Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Public contributions	$ 1,214,443	$ 88,255	$ 1,302,698
Government grants	1,111,332	-	1,111,332
Thrift store and consignment sales	527,569	-	527,569
United Way	362,793	-	362,793
In-kind contributions	197,388	-	197,388
Fundraising events, net of expenses of $85,848	93,852	-	93,852
Rental income	42,600	-	42,600
Investment returns	41,936	-	41,936
Change in value of beneficial interest in assets held by others	55,378	-	55,378
Other income	25,519	-	25,519
Releases from restriction	186,514	(186,514)	-
Total revenue, gains, and other support	3,859,324	(98,259)	3,761,065
EXPENSES			
Program services:			
Resident services	2,051,128	-	2,051,128
Non-resident services	761,553	-	761,553
Thrifty Threads	435,171	-	435,171
Total program services	3,247,852	-	3,247,852
Supporting services:			
Management and general	604,557	-	604,557
Development	229,471	-	229,471
Total supporting services	834,028	-	834,028
Total expenses	4,081,880	-	4,081,880
CHANGE IN NET ASSETS	(222,556)	(98,259)	(320,815)
NET ASSETS, BEGINNING OF YEAR	7,846,455	812,434	8,658,889
NET ASSETS, END OF YEAR	$ 7,623,899	$ 714,175	$ 8,338,074

	Resident Services	Non-resident Services	Thrifty Threads	Total Program Services	Management and General	Development	Total Supporting Services	Grand Total
Staff salaries and wages	$ 870,040	$ 288,634	$ 207,914	$ 1,366,588	$ 306,489	$ 172,917	$ 479,406	$ 1,845,994
Employee benefits	116,395	30,303	25,715	172,413	38,732	13,579	52,311	224,724
Payroll taxes	75,946	24,692	18,565	119,203	23,463	14,121	37,584	156,787
Professional and contractual fees	66,584	185,619	1,387	253,590	72,723	155,222	227,945	481,535
Occupancy	154,262	26,537	153,418	334,217	23,287	4,147	27,434	361,651
Supplies and food service	240,020	4,170	3,813	248,003	5,327	1,021	6,348	254,351
Individual assistance	162,048	9,085	-	171,133	-	-	-	171,133
Staff development	5,215	3,370	125	8,710	360	1,000	1,360	10,070
Telephone	13,681	6,098	2,068	21,847	3,269	368	3,637	25,484
Postage and shipping	1,550	308	-	1,858	3,571	120	3,691	5,549
Equipment rental and maintenance	1,930	4,328	484	6,742	750	815	1,565	8,307
Printing and copying	5,043	1,008	-	6,051	783	1,743	2,526	8,577
Transportation assistance	15,720	6,350	148	22,218	-	-	-	22,218
Vehicle	5,458	1,012	6,862	13,332	788	140	928	14,260
Conferences and meetings	2,314	-	-	2,314	577	130	707	3,021
Insurance	44,698	9,808	-	54,506	7,425	1,236	8,661	63,167
Fundraising	-	-	-	-	-	13,242	13,242	13,242
Security	9,644	1,924	-	11,568	1,497	267	1,764	13,332
Miscellaneous	10,915	16,631	120	27,666	5,806	4,391	10,197	37,863
Interest expense and fees	1,168	232	16,334	17,734	9,765	2,769	12,534	30,268
Total before depreciation	1,802,631	620,109	436,953	2,859,693	504,612	387,228	891,840	3,751,533
Depreciation	204,524	40,832	-	245,356	25,035	5,655	30,690	276,046
Total including depreciation	2,007,155	660,941	436,953	3,105,049	529,647	392,883	922,530	4,027,579
Special event expense netted with revenue on the statement of activities	-	-	-	-	-	8,332	8,332	8,332
	$ 2,007,155	$ 660,941	$ 436,953	$ 3,105,049	$ 529,647	$ 401,215	$ 930,862	$ 4,035,911

	Resident Services	Non-resident Services	Thrifty Threads	Total Program Services	Management and General	Development	Total Supporting Services	Grand Total
Staff salaries and wages	$ 906,772	$ 414,629	$ 214,975	$ 1,536,376	$ 351,957	$ 137,630	$ 489,587	$ 2,025,963
Employee benefits	120,107	56,412	19,660	196,179	21,344	14,422	35,766	231,945
Payroll taxes	82,816	34,993	19,150	136,959	28,508	11,700	40,208	177,167
Professional and contractual fees	5,069	6,157	-	11,226	3,867	521	4,388	15,614
Occupancy	67,733	131,034	1,122	199,889	92,124	33,786	125,910	325,799
Supplies and food service	220,387	7,899	4,678	232,964	5,027	621	5,648	238,612
Individual assistance	15,108	10,234	2,071	27,413	2,346	418	2,764	30,177
Staff development	1,364	272	-	1,636	2,991	3,196	6,187	7,823
Telephone	156,243	28,572	152,378	337,193	23,309	4,294	27,603	364,796
Postage and shipping	451	217	211	879	805	460	1,265	2,144
Equipment rental and maintenance	4,055	809	-	4,864	630	5,518	6,148	11,012
Printing and copying	16,119	4,998	-	21,117	-	-	-	21,117
Transportation assistance	4,995	840	7,679	13,514	652	116	768	14,282
Vehicle	6,816	-	-	6,816	723	186	909	7,725
Conferences and meetings	161,840	4,209	-	166,049	-	-	-	166,049
Insurance	48,650	9,712	-	58,362	9,484	1,345	10,829	69,191
Fundraising	-	-	-	-	-	4,182	4,182	4,182
Security	11,032	2,204	-	13,236	1,713	305	2,018	15,254
Miscellaneous	10,341	5,990	678	17,009	4,204	806	5,010	22,019
Interest expense and fees	2,486	496	12,569	15,551	22,306	4,165	26,471	42,022
Total before depreciation	1,842,384	719,677	435,171	2,997,232	571,990	223,671	795,661	3,792,893
Depreciation	208,744	41,876	-	250,620	32,567	5,800	38,367	288,987
Total including depreciation	2,051,128	761,553	435,171	3,247,852	604,557	229,471	834,028	4,081,880
Special event expense netted with revenue on the statement of activities	-	-	-	-	-	85,848	85,848	85,848
	$ 2,051,128	$ 761,553	$ 435,171	$ 3,247,852	$ 604,557	$ 315,319	$ 919,876	$ 4,167,728

CHANGE IN CASH

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors, grantors, and program services	$ 3,920,838	$ 3,650,080
Cash paid to suppliers and employees	(3,469,265)	(3,697,680)
Interest paid	(30,268)	(42,022)
Investment income	247	1,734
Net cash provided by (used in) operating activities	421,552	(87,888)
CASH FLOWS FROM INVESTING ACTIVITIES		
Donations for investments	(1,464)	(1,561)
Proceeds from investments	-	5,467
Withdrawals from beneficial interest in assets held by others	36,416	137,477
Purchases of property and equipment	(20,965)	(47,456)
Net cash provided by investing activities	13,987	93,927
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital leases - payments	(13,085)	(10,135)
Permanently restricted contributions for endowment	(62,464)	-
Net cash used in financing activities	(75,549)	(10,135)
NET INCREASE (DECREASE) IN CASH	359,990	(4,096)
CASH, BEGINNING OF YEAR	160,469	164,565
CASH, END OF YEAR	$ 520,459	$ 160,469

NON-CASH ITEMS		
Equipment purchased via capital lease	$ -	$ 2,990
Donated inventory	96,370	-
Donated property and equipment	130,776	137,388
	$ 227,146	$ 140,378

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

	2015	2014
CHANGE IN NET ASSETS	$ 605,665	$ (320,815)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Depreciation	276,046	288,987
Change in value of beneficial interest in assets held by others	18,347	(55,378)
Unrealized (gain) loss on investments	447	(32)
Realized gain on investments	-	(170)
Donated property and equipment	(130,776)	-
Donated inventory	(96,370)	-
Decrease (increase) in operating assets:		
Grants receivable	(134,212)	155,731
Pledges receivable, net	(57,615)	21,492
Developer fees receivable	-	6,494
Prepaid expenses	(1,535)	(3,639)
Accrued interest receivable	(46,435)	(40,000)
Increase (decrease) in operating liabilities:		
Accounts payable	(30,160)	(22,455)
Accrued payroll and related benefits	13,084	(74,555)
Other accrued liabilities	66	(43,548)
Deferred revenue	5,000	-
Total adjustments	(184,113)	232,927
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 421,552	$ (87,888)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

The Julian Center, Inc. (the Center) was formed in 1975 in Indianapolis, Indiana to carry out the religious, educational, and charitable purposes of the Episcopal Diocese of Indianapolis (the Diocese) by fostering the spiritual, emotional and physical well-being of women. The Center is a coordinating ministry of the Diocese. The Center provides emergency shelter, counseling, and outreach advocacy for victims of domestic violence, sexual assault, and rape. The Center also operates Thrifty Threads, a secondhand store selling donated clothing and other household items. The Center's main source of revenue are contributions, government grants, and Thrifty Threads sales.

The Center has a wholly owned subsidiary corporation, Julian Thirty-Four North, Inc., which has been consolidated with the Center for this financial statement presentation. Julian Thirty-Four North, Inc. was formed during 2008 as part of the Center's plan to create affordable permanent housing opportunities in close proximity to its existing services. Julian Thirty-Four North, Inc. is a 0.01% general partner of Thirty-Four North, L.P. (Thirty-Four North), which was created to construct and own a multi-tenant apartment community. The community is commonly referred to as Thirty-Four North. Thirty-Four North is valued and reported by Julian Thirty-Four North. Inc. using the cost method.

The Center is a guarantor for a mortgage loan obtained by Thirty-Four North. The amount outstanding on this loan at December 31, 2015 and 2014 was $869,076 and $858,311, respectively.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

All intercompany transactions have been eliminated for reporting purposes.

CASH AND CASH EQUIVALENTS

For purposes of the consolidated statements of cash flows, the Center considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2015 and 2014. At December 31, 2015, the Center maintained cash in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable are recorded at fair value at the time the grant is committed or the pledge is made to the Center. Management believes all grants and pledges are collectible and therefore no allowance for uncollectible pledges or grants is necessary. Management evaluates the adequacy of the allowance using a process involving consideration of historical experiences, current receivables aging information, and management's communication with the grantors and donors. All grants receivable are expected to be collected in the next fiscal year. Pledges receivable with payment dates beyond one year are discounted using a discount rate that is commensurate with risk.

INVESTMENTS

Under GAAP, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or use) in the reporting period in which the income and gains are recognized. The Center's investments are held in equities. Investments of $4,432 and $3,416 were held by the Center at December 31, 2015 and 2014, respectively.

LOANS RECEIVABLE FROM RELATED PARTY

Loans receivable consists of two loan agreements with Thirty-Four North, that has been awarded a qualifying tax credit project. This partnership consists of Julian Thirty-Four North Inc., which is a .01 % owner and general partner, and Key Bank Community Development Corporation which is a 99.99% owner and the limited partner. The tax credit project supports the development of low-income housing.

DONATED INVENTORY

Inventory consists of donated items for sale at the Thrifty Threads retail store. This inventory is valued based on the average sales price per piece expected to be sold and average salvage price per piece expected to be salvaged.

PROPERTY AND EQUIPMENT

Expenditures for property and equipment and items in excess of $500 which substantially increase the useful lives of property are capitalized at cost if purchased, or at fair value if donated. The Center provides for depreciation on the straight-line method at rates designed to depreciate the cost of assets over the following estimated useful lives:

Buildings	39 Years
Equipment	5 to 8 Years
Furniture and fixture	5 Years
Building and leasehold improvements	3 to 10 Years
Vehicles	5 Years

Leasehold improvements are depreciated over the lesser of the lease term or the estimated useful life.

Repairs and maintenance is expensed in the period incurred.

1. Summary of Significant Accounting Policies, Continued

Net Assets

As required by the Accounting Standards for the Preparation of Financial Statements of Not-for-Profit entities, the Center is required to report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, and permanently restricted. The Center maintains the following classifications of net assets:

Unrestricted

This includes general assets and liabilities of the Center, which may be used at the discretion of management and Board of Directors to support the Center's purposes and operations. The Board has designated $94,690 and $122,807 at December 31, 2015 and 2014, respectively, for capital expenditures.

Temporarily Restricted

These include assets of the Center related to gifts and grants with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. When a donor restriction expires, that is, when a stipulated time-restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. See Note 7.

Permanently Restricted

These include assets which the donor has stipulated be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or its economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose. At December 31, 2015, the Center had $62,464 in permanently restricted net assets. There were no permanently restricted net assets at December 31, 2014.

Contributions and Pledges

Contributions are recognized when the donor makes an unconditional promise to give to the Center and are recorded at their fair values as revenues and assets in that same period. Donor-restricted contributions are reported as increases in temporarily or permanently restricted revenue. Contributions that are restricted by the donor are reported as increases in unrestricted revenue if the restrictions expire in the year in which the contributions are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

DONATED PROPERTY AND SERVICES

The Center reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of services are recognized if the services received (a) enhance financial assets or (b) require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation. In addition, a substantial number of volunteers have donated significant time and effort towards establishing the Center's fundraising campaigns and providing assistance with operations and administration. The dollar value of the volunteer donated services is not reflected in the financial statements as management feels there is no objective basis available to measure the value of such services.

THRIFT STORE AND CONSIGNMENT SALES

Thrifty Threads revenue results from the sale of donated second-hand goods. Management has estimated the value of the store inventory at year end based on the average sales price per piece expected to be sold and average salvage price per piece expected to be salvaged.

GOVERNMENT GRANTS

Support funded by grants is recognized as the Center performs the contracted services under grant agreements. Grant revenue is recognized as earned when the eligible expenses are incurred. While the Center has not had any grant adjustments, grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

FUNCTIONAL ALLOCATION OF EXPENSES

Certain costs have been allocated among the program services, management and general, and development categories based on the actual direct expenditures and cost allocations based upon estimates by Center personnel.

INCOME TAXES

The Center is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code. Additionally, the Center has been determined not to be a private foundation under Section 509(a) of the Internal Revenue Code.

All tax periods prior to 2012 are no longer subject to examination.

1. Summary of Significant Accounting Policies, Continued

Subsequent Events

Subsequent events have been evaluated by management through June 16, 2016, which is the date the financial statements were available to be issued.

2. Pledges Receivable

Pledges receivable at December 31, 2015 and 2014 are unconditional promises to give from various donors.

The pledges that are expected to be collected beyond one year have been discounted using a discount rate of 5%. Management feels that the pledges are fully collectible, and thus no allowance for uncollectible pledges is deemed necessary.

The following is the detail of the pledges receivable balances at December 31:

	2015	2014
Amounts receivable in:		
Less than one year	$ 123,120	$ 66,615
More than one year	9,544	8,434
	132,664	75,049
Less: unamortized discounts	(3,520)	(3,520)
Net contributions receivable	$ 129,144	$ 71,529

3. Loan Receivable

The Center entered into a $1,000,000 loan agreement with Thirty-Four North dated May 21, 2009.

The loan, which earns interest at annual rate of 4% and matures on June 1, 2026, was made in relation to the construction of the Thirty-Four North apartment community. The Center also entered into a $321,750 loan agreement with Thirty-Four North dated June 19, 2009, which earns interest at an annual rate of 1% and matures on December 31, 2039. While the agreement was executed in 2009, the funds were not loaned to Thirty-Four North until October 2010.

Thirty-Four North also has a construction loan with a financial institution, which was obtained as part of the tax credit financing of the apartment community. As long as the construction loan is outstanding with the financial institution, the Center will only receive payments of interest. Such interest payments may be made only from any cash flow of the apartment community. Upon full payment of the construction loan and accrued interest to the financial institution, the remaining loan principal balance together with all accrued interest shall be paid to the Center solely from the apartment community's cash flow. Payments will be made in equal monthly installments, in an amount sufficient to fully amortize the principal balance over a 30-year period. Any remaining unpaid principal balance still outstanding at the June 1, 2026 and December 31, 2039 maturity dates, together with all accrued interest, shall be due and payable in full.

The Center has recorded accrued interest receivable totaling $278,028 and $231,593 in relation to these loans as of December 31, 2015 and 2014, respectively.

3. Loan Receivable, Continued

An allowance for loan impairment is considered by management based on an estimate of the loan's collectability. Management's policy is that all loans, including impaired loans, shall accrue interest. Each year management will estimate whether that interest is collectible. At December 31, 2015 and 2014, no allowance has been established as management is not aware of any reasons to believe the full amount will not be realizable.

4. Fair Value of Financial Instruments

Accounting Standards for Fair Value Measurement define fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Those standards also establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Assets measured at fair value on a recurring basis are summarized below:

2015	Level 1	Level 2
Equity investments	$ 4,432	$ -
Beneficial interest in assets held by others	-	736,012
	$ 4,432	$ 736,012

2014	Level 1	Level 2
Equity investments	$ 3,416	$ -
Beneficial interest in assets held by others	-	728,310
	$ 3,416	$ 728,310

The fair value of the equity investments are valued using active markets. Fair value of the CICF Endowment Fund is determined based on the fund value reported by CICF. CICF allocates investment income to the fund based on the unitized value of the assets held by each individual fund within the overall portfolio. There was no change in the method used to determine fair value during 2015. See note 8.

5. PROPERTY AND EQUIPMENT

At December 31, property and equipment included:

	2015	2014
Land	$ 844,993	$ 844,993
Buildings	7,347,731	7,263,944
Equipment	432,224	552,306
Furniture and fixture	732,877	649,321
Leasehold improvements	151,768	144,474
Vehicles	37,042	47,437
	9,546,635	9,502,475
Less accumulated depreciation	(3,536,672)	(3,368,207)
	$ 6,009,963	$ 6,134,268

6. LINE OF CREDIT

The Center had a $200,000 line of credit with a financial institution which expired in September 2014. The line of credit charged interest at the prime rate, which was 3.25% as of December 31, 2014. The line of credit was secured by the Center's assets. Borrowings on the line of credit as of December 31, 2015 and 2014 were $179,036. Under the terms of the promissory note, the lender has the right to convert the line of credit to an installment loan with monthly payments equal to 1.67% of the unpaid balance. The bank has not exercised that option.

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are either donor-restricted for specific purposes, or for use in a specified period of time. At December 31, the restricted purposes are as follows:

	2015	2014
Shelter endowment	$ 593,547	$ 593,547
Medical services for shelter residents	7,375	7,375
Circles of Support	-	77,500
General operating expenses	33,000	-
Capacity building	11,711	2,949
Client assistance	40,253	20,755
Other	12,049	12,049
	$ 697,935	$ 714,175

7. Temporarily Restricted Net Assets, Continued

Temporarily restricted net assets have been released from restriction due to the purpose or time restriction being met for 2015 and 2014 are as follows:

	2015	2014
Children's therapy and enrichment	$ -	$ 16,500
Non-resident Advocates	-	18,327
Circles of Support	77,500	84,628
Capacity building	2,948	62,822
Victim Assistance	10,755	-
Other	-	4,237
	$ 91,203	$ 186,514

8. Endowment

The Center's endowment consists of a fund held at the Central Indiana Community Foundation. Its endowment includes temporarily restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Center has interpreted the State of Indiana Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization.

8. Endowment, Continued

Changes in endowment net assets for the years ended December 31, 2015 and 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2015	$ 122,807	$ 593,547	$ -	$ 716,354
Contributions	-	-	62,464	62,464
Net depreciation (realized and unrealized losses)	(18,347)	-	-	(18,347)
Appropriation of endowment assets for expenditure	(36,416)	-	-	(36,416)
Net assets, December 31, 2015	$ 68,044	$ 593,547	$ 62,464	$ 724,055

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2014	$ 216,862	$ 593,547	$ -	$ 810,409
Net appreciation (realized and unrealized gain)	43,422	-	-	43,422
Appropriation of endowment assets for expenditure	(137,477)	-	-	(137,477)
Net assets, December 31, 2014	$ 122,807	$ 593,547	$ -	$ 716,354

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the Center to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. As of December 31, 2015 and 2014, there were no funds with deficiencies.

8. Endowment, Continued

Return Objectives and Risk Parameters

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce future growth of the fund, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

The purpose of the endowment fund is to facilitate donors' desires to provide long-term support of the shelter. The Center's investment strategy for this fund consists of investing the amounts in CICF's pooled endowment fund.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Temporarily restricted and Board designated funds are invested in CICF's pooled endowment fund and the Center's spending from the fund is subject to the terms of the agreement with CICF. The agreement states that the portion of annual earnings, including net income and net appreciation, both realized and unrealized, allocated to the fund is available for spending. The spendable amount is typically calculated as 5% of the prior year's ending fund balance as of December 31, plus any carry-forward amounts from prior years. The Board of Directors reviews the amount that is available for spending, and determines how much of a distribution will be taken, if any.

9. Leases

The Center leases retail space for Thrifty Threads, with base rent payments of $6,825 due monthly, and other equipment under operating lease agreements expiring at various dates through 2019. Beginning April 2016, the base rent will increase to $7,292 due monthly for the retail space through 2021. Common area maintenance fees are also paid as part of the Thrifty Threads retail space. Total rental and common area maintenance expense was $137,511 and $138,255 for 2015 and 2014, respectively.

The total minimum rental commitment under the leases mentioned above is as follows:

2016	$	86,100
2017		87,500
2018		87,500
2019		87,500
2020		87,500
Thereafter		21,875
	$	457,975

10. CAPITAL LEASES

The Center has capital lease agreements for copiers with monthly payments ranging from $155 to $1,131 including interest, maturing on dates ranging from 2018 to 2019.

Leased equipment has a total cost basis of $71,980 and a net book value of $38,905 at December 31, 2015 and a total cost basis of $71,980 and a net book value of $51,295 at December 31, 2014.

Payment requirements are as follows at December 31:

2016	$	16,488
2017		16,488
2018		8,571
2019		857
Total minimum lease payments		42,404
Amounts representing interest		(2,600)
Present value of net minimum capital lease payments	$	39,804

11. EMPLOYEE BENEFIT PLANS

Effective January 1, 1997, the Center adopted a defined contribution plan under Section 401(k) of the Internal Revenue Code. Elective deferrals are available to employees who have 1 year of service and are 21 years old. The Center may make discretionary contributions to this Plan.

The Center also maintains a non-qualified supplemental retirement plan. The Center's contributions to this Plan are discretionary to designated employees. The participants may also elect to defer up to 15% of compensation under the Plan.

The Center's discretionary contributions to these plans totaled $8,928 and $11,595 for 2015 and 2014, respectively.

12. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on the change in net assets or total net assets.

THE JULIAN CENTER, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Expenditures to Subrecipients
U.S. DEPARTMENT OF JUSTICE				
Legal Assistance for Victims	16.524	2012-WL-AX-0013, 2015-WL-AX-0010	$ 199,400	$ 137,358
Indianapolis Metropolitan Police Department				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	16DPS 1600003657	15,717	-
Indiana Criminal Justice Institute				
Violence Against Women Formula Grant	16.588	13ST-2076, 14ST-2925	42,849	-
Crime Victim Assistance	16.575	13VA2339, 13VA2465	179,575	-
Sexual Assault Services Formula Program	16.017	15SASP-4374, 14SASP-3660	21,830	-
U.S. DEPARTMENT OF AGRICULTURE				
Indiana Department of Education				
Child and Adult Care Food Program	10.558	1490133	36,902	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Indiana Criminal Justice Institute				
Social Services Block Grant	93.667	SSBG-2107	29,621	-
Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Services	93.671	13FFV2572	84,467	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
City of Indianapolis				
Supportive Housing Program	14.235	13DMD-PO 1300629	150,844	-
Continuum of Care Program	14.267	13DMD-1300001518 13DMD-1300002262	96,864	-
Community Development Block Grant	14.218	13DMD-1300001999	14,000	-
Emergency Solutions Grant Program	14.231	13DMD-1300001919	50,000	-
			$ 922,069	$ 137,358

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Julian Center, Inc. and Subsidiary (the Center) under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Center has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance, when applicable.

PH 317 241 2999
FAX 317 240 4485

Greenwalt CPAs, Inc.
5342 W. Vermont Street
Indianapolis, IN 46224
www.greenwaltcpas.com

GREENWALT CPAs

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 AUDITORS' REPORT

To the Board of Directors of
The Julian Center, Inc. and Subsidiary:

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 of America, the consolidated financial statements of The Julian Center, Inc. and Subsidiary (the Center), which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 16, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Center'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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 the 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 Center'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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 16, 2016

PH 317 241 2999
FAX 317 240 4485

Greenwalt CPAs, Inc.
5342 W. Vermont Street
Indianapolis, IN 46224
www.greenwaltcpas.com

GREENWALT CPAs

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Julian Center, Inc. and Subsidiary:

Report on Compliance for Each Major Federal Program

We have audited the Julian Center, Inc. and Subsidiary's (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended December 31, 2015. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards.

Auditors' Responsibility

Our responsibility is to express an opinion on the compliance for each of the Center'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 of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*). Those standards and *Uniform Guidance* 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 Center'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 Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center 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 December 31, 2015.

Report on Internal Control Over Compliance

Management of the Center 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 Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order 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 the *Uniform Guidance*, 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 Center'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 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 the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

June 16, 2016

A. SUMMARY OF AUDITORS' RESULTS

1. Type of auditors' report issued on whether the consolidated financial statements were prepared in accordance with GAAP: Unmodified

2 Internal control over financial reporting:

Material weakness identified?	_______yes	___X____no
Significant deficiency identified?	_______yes	___X____none reported

3. Noncompliance material to financial statements noted? _______yes ___X____no

4. Internal control over major federal programs:

Material weakness identified?	_______yes	___X____no
Significant deficiency identified?	_______yes	___X____none reported

5. Type of auditors' report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with with 2 CFR section 200.516(a)? _______yes ___X____no

7. Identification of major program:

CFDA Number	Name of Federal Program or Cluster
16.524	Legal Assistance for Victims

8 Dollar threshold used to distinguish between type A and type B programs: $ 750,000

9. Auditee qualified as low-risk auditee? ___X___yes _______no

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None