
THE JULIAN CENTER, INC.
AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
Together with Independent Auditors' Report
DECEMBER 31, 2017 AND 2016

GREENWALT^{CPAs}

We Deliver Peace of Mind

THE JULIAN CENTER, INC. AND SUBSIDIARY

TABLE OF CONTENTS

DECEMBER 31, 2017 AND 2016

Independent Auditors' Report	2
Consolidated Statements of Financial Position.....	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses.....	7
Consolidated Statements of Cash Flows.....	9
Notes to Consolidated Financial Statements	11
Schedule of Expenditures of Federal Awards.....	24
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by Uniform Guidance	28
Schedule of Findings and Questioned Costs	30



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 statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 consolidated financial position of the Center as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2018 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.

Greenwald CPAs, Inc.

June 20, 2018

THE JULIAN CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>		<u>2017</u>	<u>2016</u>
CURRENT ASSETS			
Cash		\$ 586,093	\$ 720,787
Grants receivable		237,385	228,334
Pledges receivable - current portion, net (Note 2)		597,157	89,433
Prepaid expenses		47,260	58,866
Donated inventory		98,832	107,798
Investments		28,048	10,620
		<u>1,594,775</u>	<u>1,215,838</u>
<i>Total current assets</i>		1,594,775	1,215,838
PLEDGE RECEIVABLE - LONG-TERM		-	75,000
LOANS AND ACCRUED INTEREST RECEIVABLE FROM RELATED PARTY (NOTE 3)		1,599,778	1,599,778
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (NOTE 4 AND NOTE 9)		779,502	726,392
PROPERTY AND EQUIPMENT, NET (NOTE 5)		<u>5,718,144</u>	<u>5,880,554</u>
<i>Total assets</i>		<u>\$ 9,692,199</u>	<u>\$ 9,497,562</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable		\$ 107,315	\$ 72,271
Accrued payroll and related benefits		129,207	136,945
Current portion of capital lease liability		8,571	16,488
Current portion of note payable		28,906	27,411
Other accrued liabilities		6,729	7,084
Deferred revenue		-	5,000
		<u>280,728</u>	<u>265,199</u>
<i>Total current liabilities</i>		280,728	265,199
LONG-TERM LIABILITIES			
Capital lease liability, net of current portion		1,059	7,727
Note payable, net of current portion (Note 7)		84,394	113,300
		<u>85,453</u>	<u>121,027</u>
<i>Total long-term liabilities</i>		85,453	121,027
<i>Total liabilities</i>		<u>366,181</u>	<u>386,226</u>
COMMITMENTS (NOTE 10)			
NET ASSETS			
Unrestricted (includes net assets designated by the Board of Directors of \$183,039 and \$117,733 as of December 31, 2017 and 2016, respectively)		8,013,042	8,212,851
Temporarily restricted		1,250,512	836,021
Permanently restricted		62,464	62,464
		<u>9,326,018</u>	<u>9,111,336</u>
<i>Total net assets</i>		9,326,018	9,111,336
<i>Total liabilities and net assets</i>		<u>\$ 9,692,199</u>	<u>\$ 9,497,562</u>

THE JULIAN CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
REVENUE, GAINS, AND OTHER SUPPORT					
Public contributions	\$ 825,013	\$ 529,180	-	\$ 1,354,193	\$ 1,292,898
Government grants	1,704,351	-	-	1,704,351	1,614,542
Thrift store and consignment sales, net	521,302	-	-	521,302	519,402
United Way	406,178	-	-	406,178	372,632
In-kind contributions	222,085	-	-	222,085	218,338
Fundraising events, net of expenses of \$7,326	81,316	-	-	81,316	93,773
Rental income	42,600	-	-	42,600	42,600
Investment returns	1,619	-	-	1,619	790
Change in value of beneficial interest in assets held by others	89,429	-	-	89,429	27,181
Other income	22,711	-	-	22,711	27,005
Releases from restriction	114,689	(114,689)	-	-	-
	<u>4,031,293</u>	<u>414,491</u>	<u>-</u>	<u>4,445,784</u>	<u>4,209,161</u>
<i>Total revenue, gains, and other support</i>					
EXPENSES					
Program services:					
Resident services	2,202,454	-	-	2,202,454	2,106,053
Non-resident services	680,791	-	-	680,791	606,045
Thrifty Threads	451,595	-	-	451,595	448,961
	<u>3,334,840</u>	<u>-</u>	<u>-</u>	<u>3,334,840</u>	<u>3,161,059</u>
<i>Total program services</i>					
Supporting services:					
Management and general	594,241	-	-	594,241	516,801
Development	302,021	-	-	302,021	363,704
	<u>896,262</u>	<u>-</u>	<u>-</u>	<u>896,262</u>	<u>880,505</u>
<i>Total supporting services</i>					
	<u>4,231,102</u>	<u>-</u>	<u>-</u>	<u>4,231,102</u>	<u>4,041,564</u>
<i>Total expenses</i>					
CHANGE IN NET ASSETS	(199,809)	414,491	-	214,682	167,597
NET ASSETS, BEGINNING OF YEAR	<u>8,212,851</u>	<u>836,021</u>	<u>62,464</u>	<u>9,111,336</u>	<u>8,943,739</u>
NET ASSETS, END OF YEAR	<u>\$ 8,013,042</u>	<u>\$ 1,250,512</u>	<u>\$ 62,464</u>	<u>\$ 9,326,018</u>	<u>\$ 9,111,336</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE, GAINS, AND OTHER SUPPORT				
Public contributions	\$ 1,076,091	\$ 216,807	\$ -	\$ 1,292,898
Government grants	1,614,542	-	-	1,614,542
Thrift store and consignment sales	519,402	-	-	519,402
United Way	372,632	-	-	372,632
In-kind contributions	218,338	-	-	218,338
Fundraising events, net of expenses of \$15,734	93,773	-	-	93,773
Rental income	42,600	-	-	42,600
Investment returns	790	-	-	790
Change in value of beneficial interest in assets held by others	27,181	-	-	27,181
Other income	27,005	-	-	27,005
Releases from restriction	78,721	(78,721)	-	-
	<u>4,071,075</u>	<u>138,086</u>	<u>-</u>	<u>4,209,161</u>
<i>Total revenue, gains, and other support</i>				
EXPENSES				
Program services:				
Resident services	2,106,053	-	-	2,106,053
Non-resident services	606,045	-	-	606,045
Thrifty Threads	448,961	-	-	448,961
	<u>3,161,059</u>	<u>-</u>	<u>-</u>	<u>3,161,059</u>
Total program services				
Supporting services:				
Management and general	516,801	-	-	516,801
Development	363,704	-	-	363,704
Total supporting services	880,505	-	-	880,505
	<u>4,041,564</u>	<u>-</u>	<u>-</u>	<u>4,041,564</u>
<i>Total expenses</i>				
CHANGE IN NET ASSETS	29,511	138,086	-	167,597
NET ASSETS, BEGINNING OF YEAR	<u>8,183,340</u>	<u>697,935</u>	<u>62,464</u>	<u>8,943,739</u>
NET ASSETS, END OF YEAR	<u><u>\$ 8,212,851</u></u>	<u><u>\$ 836,021</u></u>	<u><u>\$ 62,464</u></u>	<u><u>\$ 9,111,336</u></u>

THE JULIAN CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Resident Services	Non-resident Services	Thrifty Threads	Total Program Services	Management and General	Development	Total Supporting Services	Grand Total
Staff salaries and wages	\$ 974,321	\$ 295,344	\$ 215,522	\$ 1,485,187	\$ 232,218	\$ 181,559	\$ 413,777	\$ 1,898,964
Employee benefits	151,576	32,008	30,296	213,880	28,993	10,222	39,215	253,095
Payroll taxes	82,589	27,369	18,721	128,679	15,319	19,164	34,483	163,162
Professional and contractual fees	104,468	192,747	1,221	298,436	217,159	43,256	260,415	558,851
Occupancy	174,563	34,062	161,882	370,507	28,422	4,718	33,140	403,647
Supplies and food service	178,927	5,525	1,221	185,673	6,809	36	6,845	192,518
Individual assistance	235,911	17,096	-	253,007	-	-	-	253,007
Staff development	2,966	2,123	655	5,744	2,575	1,403	3,978	9,722
Telephone	13,184	6,423	3,030	22,637	1,913	516	2,429	25,066
Postage and shipping	107	20	-	127	2,633	3	2,636	2,763
Equipment rental and maintenance	12,696	111	1,080	13,887	6,655	764	7,419	21,306
Printing and copying	3,186	711	63	3,960	530	401	931	4,891
Transportation assistance	14,558	5,241	-	19,799	-	-	-	19,799
Vehicle	5,493	965	4,918	11,376	751	134	885	12,261
Conferences and meetings	1,140	-	-	1,140	353	175	528	1,668
Insurance	36,822	7,352	-	44,174	7,854	1,018	8,872	53,046
Fundraising	-	-	-	-	-	15,836	15,836	15,836
Security	9,152	1,828	-	10,980	1,421	253	1,674	12,654
Miscellaneous	15,040	14,782	(39)	29,783	4,201	11,044	15,245	45,028
Interest expense and fees	906	180	13,025	14,111	7,735	6,408	14,143	28,254
Total before depreciation	2,017,605	643,887	451,595	3,113,087	565,541	296,910	862,451	3,975,538
Depreciation	184,849	36,904	-	221,753	28,700	5,111	33,811	255,564
Total including depreciation	2,202,454	680,791	451,595	3,334,840	594,241	302,021	896,262	4,231,102
Special event expense netted with revenue on the statement of activities	-	-	-	-	-	7,326	7,326	7,326
	<u>\$ 2,202,454</u>	<u>\$ 680,791</u>	<u>\$ 451,595</u>	<u>\$ 3,334,840</u>	<u>\$ 594,241</u>	<u>\$ 309,347</u>	<u>\$ 903,588</u>	<u>\$ 4,238,428</u>

THE JULIAN CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Resident Services	Non-resident Services	Thrifty Threads	Total Program Services	Management and General	Development	Total Supporting Services	Grand Total
Staff salaries and wages	\$ 971,621	\$ 261,772	\$ 213,172	\$ 1,446,565	\$ 302,488	\$ 218,450	\$ 520,938	\$ 1,967,503
Employee benefits	138,574	28,540	26,501	193,615	45,057	24,100	69,157	262,772
Payroll taxes	83,597	22,625	18,842	125,064	22,404	18,447	40,851	165,915
Professional and contractual fees	79,835	178,742	1,375	259,952	57,370	57,751	115,121	375,073
Occupancy	154,243	30,061	163,691	347,995	23,934	4,164	28,098	376,093
Supplies and food service	188,192	2,204	2,573	192,969	4,502	635	5,137	198,106
Individual assistance	171,858	10,923	-	182,781	-	-	-	182,781
Staff development	8,345	2,861	-	11,206	2,940	1,088	4,028	15,234
Telephone	11,564	5,515	2,684	19,763	1,805	299	2,104	21,867
Postage and shipping	-	2,039	-	2,039	1,188	1,236	2,424	4,463
Equipment rental and maintenance	4,140	164	1,242	5,546	780	977	1,757	7,303
Printing and copying	8,394	1,676	340	10,410	1,303	1,417	2,720	13,130
Transportation assistance	17,044	1,838	-	18,882	-	-	-	18,882
Vehicle	5,094	785	3,467	9,346	594	106	700	10,046
Conferences and meetings	581	-	-	581	588	1	589	1,170
Insurance	45,734	9,131	-	54,865	9,106	1,265	10,371	65,236
Fundraising	-	-	-	-	-	14,970	14,970	14,970
Security	9,436	1,857	-	11,293	1,445	257	1,702	12,995
Miscellaneous	12,699	6,361	365	19,425	3,390	7,309	10,699	30,124
Interest expense and fees	847	169	14,709	15,725	7,747	5,861	13,608	29,333
Total before depreciation	1,911,798	567,263	448,961	2,928,022	486,641	358,333	844,974	3,772,996
Depreciation	194,255	38,782	-	233,037	30,160	5,371	35,531	268,568
Total including depreciation	2,106,053	606,045	448,961	3,161,059	516,801	363,704	880,505	4,041,564
Special event expense netted with revenue on the statement of activities	-	-	-	-	-	15,734	15,734	15,734
	<u>\$ 2,106,053</u>	<u>\$ 606,045</u>	<u>\$ 448,961</u>	<u>\$ 3,161,059</u>	<u>\$ 516,801</u>	<u>\$ 379,438</u>	<u>\$ 896,239</u>	<u>\$ 4,057,298</u>

CHANGE IN CASH

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors, grantors, and program services	\$ 3,685,242	\$ 3,936,700
Cash paid to suppliers and employees	(3,677,676)	(3,545,691)
Interest paid	(28,254)	(29,333)
Investment income	1,619	790
	<u> </u>	<u> </u>
<i>Net cash provided by (used in) operating activities</i>	<u>(19,069)</u>	<u>362,466</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Donations of investments	(16,795)	(5,866)
Withdrawals from beneficial interest in assets held by others	36,320	36,801
Purchases of property and equipment	(93,154)	(139,159)
	<u> </u>	<u> </u>
<i>Net cash used in investing activities</i>	<u>(73,629)</u>	<u>(108,224)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital leases	(14,585)	(15,589)
Payments on line of credit and note payable	(27,411)	(38,325)
	<u> </u>	<u> </u>
<i>Net cash used in financing activities</i>	<u>(41,996)</u>	<u>(53,914)</u>
 NET INCREASE IN CASH	 (134,694)	 200,328
 CASH, BEGINNING OF YEAR	 <u>720,787</u>	 <u>520,459</u>
 CASH, END OF YEAR	 <u>\$ 586,093</u>	 <u>\$ 720,787</u>

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

	<u>2017</u>	<u>2016</u>
CHANGE IN NET ASSETS	\$ 214,682	\$ 167,597
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Depreciation	255,564	268,568
Change in value of beneficial interest in assets held by others	(89,429)	(27,181)
Unrealized gain on investments	(634)	(322)
Change in donated inventory	8,966	5,572
<i>Decrease (increase) in operating assets:</i>		
Grants receivable	(9,051)	9,459
Pledges receivable, net	(432,724)	(35,289)
Prepaid expenses	11,606	(23,965)
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	35,044	(13,907)
Accrued payroll and related benefits	(7,738)	11,936
Other accrued liabilities	(355)	(2)
Deferred revenue	(5,000)	-
<i>Total adjustments</i>	<u>(233,751)</u>	<u>194,869</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (19,069)</u>	<u>\$ 362,466</u>

THE JULIAN CENTER, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying consolidated financial statements were prepared on the accrual basis of accounting. 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 consolidated 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, 2017 and 2016. At December 31, 2017, the Center maintained cash in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) of approximately \$316,000.

GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable are recorded at fair value at the time the grant is committed or at the time the pledge is made to the Center. 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. Pledges receivable with payment dates beyond one year are discounted using a discount rate that is commensurate with risk. Management believes all grants and pledges are collectible and therefore no allowance for uncollectible pledges or grants is necessary.

THE JULIAN CENTER, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 \$28,048 and \$10,620 were held by the Center at December 31, 2017 and 2016, 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 \$1,000 and useful lives greater than three years 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 fixtures	5 Years
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 are expensed in the period incurred.

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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 \$183,039 and \$117,733 at December 31, 2017 and 2016, 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 8.

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. Permanently restricted net assets were \$62,464 as of December 31, 2017 and 2016.

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.

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.

The Center reports gifts of meals and other related kitchen items as unrestricted support, these are valued at cost specified by the donor.

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 JULIAN CENTER, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

DONATED PROPERTY AND SERVICES, CONTINUED

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. Donated goods and services are treated as noncash transactions for purposes of the statement of cash flows.

At December 31, the in-kind contributions are as follows:

	<u>2017</u>	<u>2016</u>
Donated Goods:		
Meals and kitchen items	\$ 171,051	\$ 163,910
Donated Services:		
Facilities Maintenance Services	<u>51,034</u>	<u>54,428</u>
	<u>\$ 222,085</u>	<u>\$ 218,338</u>

THRIFT STORE AND CONSIGNMENT SALES

Thrifty Threads revenue results from the sale of donated second-hand goods. Revenue is reported net of amounts due to third parties for consignment sales.

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 of time and usage 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.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through June 20, 2018, which is the date the financial statements were available to be issued.

THE JULIAN CENTER, INC. AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

2. PLEDGES RECEIVABLE

Pledges receivable at December 31, 2017 and 2016 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:

	<u>2017</u>	<u>2016</u>
Amounts receivable in:		
Less than one year	\$ 597,157	\$ 89,443
More than one year	<u>-</u>	<u>78,520</u>
	-	167,953
Less: unamortized discounts	<u>-</u>	<u>(3,520)</u>
Net contributions receivable	<u>\$ 597,157</u>	<u>\$ 164,433</u>

3. LOANS 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 the 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 in relation to these loans as of December 31, 2017 and 2016. No interest payments were received in 2017 or 2016.

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. Management did not accrue interest on the loans in 2017 and 2016 as management has estimated that the present value of the future cash flows will not exceed the current carrying amount of the loans.

THE JULIAN CENTER, INC. AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

4. GUARANTEE

The Center is a guarantor for a mortgage loan obtained by Thirty-Four North. The amount outstanding on this loan at December 31, 2017 and 2016, including interest, was \$839,723 and \$852,288, respectively. The loan converted in July 2011 at a balance of \$900,000 and the following loan terms.

- a. A term of 15 years;
- b. Monthly payment of principal and interest of \$6,292 based on a 360 month amortization period;
- c. Interest rate of 7.39%; and
- d. Establishing and maintaining a reserve for replacements and operating reserve.

The obligations of Thirty-Four North under the loan agreement are secured by a mortgage and security interest on the property and all property and equipment and an assignment of any rents or income to be derived from the property.

Estimated principal payments on the mortgage loan for years ending December 31, are as follows:

2018	\$	13,541
2019		14,591
2020		15,547
2021		16,928
2022		18,241
Thereafter		755,565
	<u>\$</u>	<u>834,413</u>

5. 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:

<u>December 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>
Equity investments	\$ 28,048	\$ -
Beneficial interest in assets held by others	-	779,502
	<u>\$ 28,048</u>	<u>\$ 779,502</u>

THE JULIAN CENTER, INC. AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

5. FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED

<u>December 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>
Equity investments	\$ 10,620	\$ -
Beneficial interest in assets held by others	<u>-</u>	<u>726,392</u>
	<u>\$ 10,620</u>	<u>\$ 726,392</u>

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 2017. See note 10.

6. PROPERTY AND EQUIPMENT

At December 31, property and equipment included:

	<u>2017</u>	<u>2016</u>
Land	\$ 844,993	\$ 844,993
Buildings	7,469,711	7,412,111
Equipment	439,632	439,632
Furniture and fixtures	819,301	783,748
Leasehold improvements	151,768	151,768
Vehicles	<u>53,542</u>	<u>53,542</u>
	9,778,947	9,685,794
Less accumulated depreciation	<u>(4,060,803)</u>	<u>(3,805,240)</u>
	<u>\$ 5,718,144</u>	<u>\$ 5,880,554</u>

7. LINE OF CREDIT

The Center had a \$200,000 line of credit with a financial institution which expired in September 2014. The line bore interest at the prime rate. The line of credit was secured by the Center's assets. In September 2016, the lender converted the line of credit to an installment loan with monthly payments equal to 1.67% of the unpaid balance. See Note 7.

8. NOTE PAYABLE

In September 2016, the Center's line of credit was converted to a note payable with a balance of \$150,000. Borrowings bear a fixed interest of 5.25% payable in monthly payments of \$2,853 including interest, maturing August 2021. The Center's assets secure the note payable.

THE JULIAN CENTER, INC. AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

8. NOTE PAYABLE, CONTINUED

The future maturities of the note payable are as follows for the years ending December 31:

2018	\$	28,906
2019		30,483
2020		32,138
2021		21,773
	\$	<u>113,300</u>

9. 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:

	<u>2017</u>	<u>2016</u>
Shelter endowment	\$ 593,547	\$ 593,547
Medical services for shelter residents	16,348	16,486
General operating expenses	525,000	45,000
Capacity building	10,000	10,000
Victim assistance	98,578	162,697
Other	7,039	8,291
	<u>\$ 1,250,512</u>	<u>\$ 836,021</u>

Temporarily restricted net assets have been released from restriction due to the purpose or time restriction being met for 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Medical Services for shelter residents	\$ 20,000	\$ -
General operating expenses	77,696	33,000
Capacity building	1,253	11,711
Victim Assistance	6,630	30,253
Other	9,110	3,757
	<u>\$ 114,689</u>	<u>\$ 78,721</u>

THE JULIAN CENTER, INC. AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

10. 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.

Changes in endowment net assets for the years ended December 31, 2017 and 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets,				
January 1, 2017	\$ 70,381	\$ 593,547	\$ 62,464	\$ 726,392
Net appreciation (realized and unrealized gains)	89,430	-	-	89,430
Appropriation of endowment assets for expenditure	<u>(36,320)</u>	<u>-</u>	<u>-</u>	<u>(36,320)</u>
Net assets, December 31, 2017	<u>\$ 123,491</u>	<u>\$ 593,547</u>	<u>\$ 62,464</u>	<u>\$ 779,502</u>

THE JULIAN CENTER, INC. AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

10. ENDOWMENT, CONTINUED

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets,				
January 1, 2016	\$ 80,001	\$ 593,547	\$ 62,464	\$ 736,012
Contributions				
Net appreciation (realized and unrealized gains)	27,181	-	-	27,181
Appropriation of endowment assets for expenditure	<u>(36,801)</u>	<u>-</u>	<u>-</u>	<u>(36,801)</u>
Net assets, December 31, 2016	<u>\$ 70,381</u>	<u>\$ 593,547</u>	<u>\$ 62,464</u>	<u>\$ 726,392</u>

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, 2017 and 2016, there were no funds with deficiencies.

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.

THE JULIAN CENTER, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

11. 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 December 2018. Beginning April 2016, the base rent increased 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 \$138,018 and \$135,840 for 2017 and 2016, respectively. The total minimum rental commitment under the leases mentioned above is as follows:

2018	\$	88,649
2019		87,504
2020		87,504
2021		<u>21,875</u>
	\$	<u>285,532</u>

The Center leased space to an organization. The lease expired in December 2017 and was renewed until December 2019. Lease income for each of the years ended December 31, 2017 and 2016 was \$42,600. Minimum rental income under the lease will be \$42,600 for the years ending December 31, 2018 and 2019.

12. CAPITAL LEASES

The Center has capital lease agreements for office equipment with monthly payments ranging from \$115 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 \$9,733 at December 31, 2017 and a total cost basis of \$71,980 and a net book value of \$24,579 at December 31, 2016.

Payment requirements are as follows at December 31:

2018	\$	8,571
2019		<u>1,263</u>
Total minimum lease payments		9,834
Amounts representing interest		<u>(204)</u>
Present value of net minimum capital lease payments	\$	<u>9,630</u>

13. EMPLOYEE BENEFIT PLANS

The Center has 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 \$9,375 and \$13,069 for 2017 and 2016, respectively.

THE JULIAN CENTER, INC. AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

14. FEDERAL, STATE AND LOCAL GRANT AWARDS

In accordance with guidelines established by the Indiana State Board of Accounts, this federal, state, and local grant information was included to aid in the verification of Indiana financial assistance on the Annual Entity Report.

Program Name	Grantor Name	CFDA	Revenue	Expense	Funding Type
Grant to Encourage Arrest Policies and Enforcement of Protection Orders Program	U.S. Department of Justice – Indianapolis Metropolitan Police Department	16.590	\$ 93,913	\$ 93,913	Federal grant passed through state or local government
Sexual Assault Service Formula Program	U.S. Department of Justice – Indiana Criminal Justice Institute	16.017	35,771	35,771	Federal grant passed through state or local government
Violence Against Women Formula Grant	U.S. Department of Justice – Indiana Criminal Justice Institute	16.588	64,086	64,086	Federal grant passed through state or local government
Crime Victim Assistance	U.S. Department of Justice – Indiana Criminal Justice Institute	16.575	351,060	351,060	Federal grant passed through state or local government
Transitional Housing Assistance Grants for Victims of Sexual Assault, Domestic Violence, Dating Violence & Stalking	U.S. Department of Justice	16.736	23,461	23,461	Direct federal grant
Consolidated and Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies	U.S. Department of Justice	16.888	3,074	3,074	Direct federal grant
Legal Assistance for Victims	U.S. Department of Justice	16.524	203,360	203,360	Direct federal grant
Child and Adult Care Food Program	U.S. Department of Agriculture – Indiana Department of Education	10.558	40,835	40,835	Federal grant passed through state or local government
Social Services Block Grant	U.S. Department of Health and Human Services – Indiana Criminal Justice Institute	93.667	27,621	27,621	Federal grant passed through state or local government
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	U.S. Department of Health and Human Services – Indiana Criminal Justice Institute	93.671	94,028	95,647	Federal grant passed through state or local government

THE JULIAN CENTER, INC. AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

14. FEDERAL, STATE AND LOCAL GRANT AWARDS

Community Development Block Grant	U.S. Department of Housing and Urban Development – City of Indianapolis	14.218	20,000	20,000	Federal grant passed through state or local government
Emergency Solutions Grant Program	U.S. Department of Housing and Urban Development – City of Indianapolis	14.231	61,500	61,500	Federal grant passed through state or local government
Continuum of Care Program	U.S. Department of Housing and Urban Development – City of Indianapolis	14.267	290,206	290,206	Federal grant passed through state or local government
Housing Trust Fund	City of Indianapolis	N/A	59,180	59,180	State and local funding
Domestic Violence Prevention and Treatment	Indiana Criminal Justice Institute	N/A	265,451	265,451	State and local funding
Homeless Support	Lawrence Township Trustee	N/A	7,410	7,410	State and local funding
Homeless Support	Pike Township Trustee	N/A	5,590	5,590	State and local funding
Homeless Support	Warren Township Trustee	N/A	30,160	30,160	State and local funding
Homeless Support	Washington Township Trustee	N/A	18,000	18,000	State and local funding
Homeless Support	Perry Township Trustee	N/A	3,695	3,695	State and local funding
Total funding			\$1,698,401	\$1,700,020	

THE JULIAN CENTER, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF JUSTICE				
<i>Legal Assistance for Victims</i>	16.524		\$ 203,360	\$ 152,715
<i>Transitional Housing Assistance Grants for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault</i>	16.736		23,461	-
<i>Consolidated and Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies</i>	16.888		3,074	-
Indiana Criminal Justice Institute <i>Sexual Assault Services Formula Program</i>	16.017	17SASP-3184, 16SASP-5174	35,771	-
<i>Crime Victim Assistance</i>	16.575	16VOCA-5416 15VOCA-4360 16VOCA-5415 15VOCA-4359	351,060	-
<i>Violence Against Women Formula Grant</i>	16.588	17STOP-6165 16STOP-5056	62,789	-
Marion County Sherriff's Office <i>Violence Against Women Formula Grant</i>	16.588	17STOP-6337	1,297	-
Indianapolis Metropolitan Police Department <i>Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program</i>	16.590	2015-WE-AX-0026	<u>93,913</u>	<u>-</u>
<i>Total U.S. Department of Justice</i>			<u>774,725</u>	<u>152,715</u>
U.S. DEPARTMENT OF AGRICULTURE				
Indiana Department of Education <i>Child and Adult Care Food Program</i>	10.558	1490133	<u>40,835</u>	<u>-</u>
<i>Total U.S. Department of Agriculture</i>			<u>40,835</u>	<u>-</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
City of Indianapolis CDBG - Entitlement Grants Cluster <i>Community Development Block Grants/Entitlement Grants</i>	14.218	1300003170	20,000	-
<i>Emergency Solutions Grant Program</i>	14.231	1300003126	61,500	-
<i>Continuum of Care Program</i>	14.267	1300003330 1300002928 1300003452 1300003004 1300003005 13DMD-1300002853	<u>290,206</u>	<u>-</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>371,706</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Indiana Criminal Justice Institute <i>Title XX Social Services Block Grant</i>	93.667	17SSBG-5541, 16SSBG-5541	27,621	-
<i>Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Services</i>	93.671	17FVPSA-6645, 16FVPSA-5629	<u>94,028</u>	<u>-</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>121,649</u>	<u>-</u>
<i>Total Schedule of Expenditures of Federal Awards</i>			<u>\$ 1,308,915</u>	<u>\$ 152,715</u>

See independent auditors' report.

NOTES 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 The Julian Center, Inc. and Subsidiary (the Center) under programs of the federal government for the year ended December 31, 2017. 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.

3. INDIRECT COST RATE

The Center has elected to use 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance, when applicable.



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, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 20, 2018.

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 Center'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.

Greenwald CPAs, Inc.

June 20, 2018



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE

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, 2017. 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 applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on 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, 2017.

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.

Greenwald CPAs, Inc.

June 20, 2018

THE JULIAN CENTER, INC. AND SUBSIDIARY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2017

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. Type of report the auditor issued on whether the consolidated financial statements audited 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

Federal Awards

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 federal 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 federal programs: CFDA Number Name of Federal Program or Cluster
14.267 Continuum of Care Program
16.575 Crime Victim Assistance
8. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
9. Auditee qualified as low-risk auditee? _____yes ___X___no

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

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

None