THE JULIAN CENTER, INC.

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

THE JULIAN CENTER, INC.
Indianapolis, Indiana

CONSOLIDATED FINANCIAL STATEMENTS
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Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Julian Center, Inc.
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Julian Center, Inc., which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Julian Center, Inc. as of December 31, 2014 and 2013, 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.

Other Matter

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, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 other 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 July 10, 2015 on our consideration of The Julian Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Julian Center, Inc.'s internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
July 10, 2015

THE JULIAN CENTER, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 160,469	$ 164,565
Grants receivable	103,581	259,312
Other current assets	50,366	46,727
Pledges receivable (Note 2)	71,529	93,021
Developer fees receivable (Note 4)	-	6,494
Investments (Note 1)	3,416	7,120
Beneficial interest in assets held by others (Note 3)	728,310	810,409
Loans receivable from related party (Note 4)	1,553,343	1,513,343
Property and equipment, net (Note 5)	6,134,268	6,375,799
	$ 8,805,282	$ 9,276,790
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 116,338	$ 138,793
Wages and vacation payable	103,666	178,221
Other	15,279	58,827
Capital lease liability (Note 9)	52,889	63,024
Line of credit (Note 10)	179,036	179,036
	467,208	617,901
Net assets		
Unrestricted (Includes net assets designated by the Board of Directors of $134,763 and $216,862 for 2014 and 2013)	7,623,899	7,846,455
Temporarily restricted (Note 11)	714,175	812,434
	8,338,074	8,658,889
	$ 8,805,282	$ 9,276,790

See accompanying notes to consolidated financial statements.

THE JULIAN CENTER, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended December 31, 2014 and 2013

	Unrestricted	Temporarily Restricted	2014 Total	Unrestricted	Temporarily Restricted	2013 Total
Revenues, gains and other support						
Public contributions	$ 1,214,443	$ 88,255	$ 1,302,698	$ 892,847	$ 207,725	$ 1,100,572
Grants	1,111,332	-	1,111,332	1,293,871	-	1,293,871
United Way	362,793	-	362,793	361,110	-	361,110
Fees for counseling services	-	-	-	152,623	-	152,623
Special events (Note 6)	93,852	-	93,852	188,608	-	188,608
Rental income	42,600	-	42,600	42,355	-	42,355
Miscellaneous	25,519	-	25,519	19,237	-	19,237
Thrifty Threads sales	527,569	-	527,569	557,736	-	557,736
In-kind contributions	197,388	-	197,388	114,000	-	114,000
Investment returns	41,936	-	41,936	47,336	-	47,336
Change in value of beneficial interest in assets held by others	55,378	-	55,378	105,548	-	105,548
Satisfaction of expenditure restriction	186,514	(186,514)	-	143,791	(143,791)	-
	3,859,324	(98,259)	3,761,065	3,919,062	63,934	3,982,996
Expenses						
Program services						
Resident services	2,051,128	-	2,051,128	2,158,714	-	2,158,714
Non-resident services	761,553	-	761,553	922,969	-	922,969
Thrifty Threads	435,171	-	435,171	393,845	-	393,845
Total program services	3,247,852	-	3,247,852	3,475,528	-	3,475,528
Supporting services						
Management and general	604,557	-	604,557	427,980	-	427,980
Development	229,471	-	229,471	339,816	-	339,816
Total supporting services	834,028	-	834,028	767,796	-	767,796
	4,081,880	-	4,081,880	4,243,324	-	4,243,324
Change in net assets	(222,556)	(98,259)	(320,815)	(324,262)	63,934	(260,328)
Net assets at beginning of year	7,846,455	812,434	8,658,889	8,170,717	748,500	8,919,217
Net assets at end of year	$ 7,623,899	$ 714,175	$ 8,338,074	$ 7,846,455	$ 812,434	$ 8,658,889

See accompanying notes to consolidated financial statements.

THE JULIAN CENTER, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2014 and 2013

		2014		2013
Cash flows from operating activities				
Change in net assets	$	(320,815)	$	(260,328)
Adjustments to reconcile change in net assets to net cash from operating activities:				
Depreciation		288,987		281,849
Change in value of beneficial interest in assets held by others		(55,378)		(105,548)
Unrealized gain on investments		(32)		(893)
Realized gain on investments		(170)		-
Change in assets and liabilities				
Pledges receivable		21,492		(4,364)
Grants receivable		155,731		21,617
Other current assets		(3,639)		(6,992)
Accrued interest receivable		(40,000)		(46,262)
Developer fees receivable		6,494		39,600
Accounts payable		(22,455)		(16,534)
Wages and vacation payable		(74,555)		36,728
Other liabilities		(43,548)		(2,909)
Net cash from operating activities		(87,888)		(64,036)
Cash flows from investing activities				
Donations of investments		(1,561)		(1,678)
Proceeds from investments		5,467		-
Withdrawals from beneficial interest in assets held by others		137,477		49,016
Purchase of property and equipment		(47,456)		(59,052)
Net cash from investing activities		93,927		(11,714)
Cash flows from financing activities				
Capital leases - payments		(10,135)		(5,876)
Line of credit - borrowings		-		30,000
Loans payable - payments		-		(166,034)
Net cash from financing activities		(10,135)		(141,910)
Net change in cash and cash equivalents		(4,096)		(217,660)
Cash and cash equivalents at beginning of year		164,565		382,225
Cash and cash equivalents at end of year	$	160,469	$	164,565
Supplemental Disclosures				
Equipment capital lease borrowings	$	2,990	$	68,900
Cash paid during the year for interest	$	6,853	$	9,501
Non-cash items				
Donated assets	$	137,388	$	52,000
Donated services	$	60,000	$	62,000

See accompanying notes to consolidated financial statements.

THE JULIAN CENTER, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2014

	Resident Services	Non-resident Services	Thrifty Threads	Total Program Services	Management & General	Development	Total Supporting Services	Grand Total
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
Total salaries and employee benefits	1,109,695	506,034	253,785	1,869,514	401,809	163,752	565,561	2,435,075
Professional and contractual fees	67,733	131,034	1,122	199,889	92,124	33,786	125,910	325,799
Supplies	214,210	7,899	4,678	226,787	5,027	621	5,648	232,435
Telephone	15,108	10,234	2,071	27,413	2,346	418	2,764	30,177
Postage and shipping	1,364	272	-	1,636	2,991	3,196	6,187	7,823
Occupancy	156,243	28,572	152,378	337,193	23,309	4,294	27,603	364,796
Equipment rental/maintenance	451	-	211	662	805	460	1,265	1,927
Printing and publications	4,055	809	-	4,864	630	5,518	6,148	11,012
Travel and transportation	8,494	4,998	-	13,492	-	-	-	13,492
Conferences and meetings	11,885	6,157	-	18,042	4,590	707	5,297	23,339
Individual assistance	161,840	4,209	-	166,049	-	-	-	166,049
Insurance	48,650	9,712	-	58,362	9,484	1,345	10,829	69,191
Advertising	9,765	355	421	10,541	2,692	4,869	7,561	18,102
Security	11,032	2,204	-	13,236	1,713	305	2,018	15,254
Miscellaneous	15,638	1,057	7,921	24,616	2,164	195	2,359	26,975
Other	3,735	5,635	15	9,385	-	40	40	9,425
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
	$ 2,051,128	$ 761,553	$ 435,171	$ 3,247,852	$ 604,557	$ 229,471	$ 834,028	$ 4,081,880

See accompanying notes to consolidated financial statements.

THE JULIAN CENTER, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2013

	Resident Services	Non-resident Services	Thrifty Threads	Total Program Services	Management & General	Development	Total Supporting Services	Grand Total
Salaries and wages	$ 1,171,973	$ 453,528	$ 200,360	$ 1,825,861	$ 212,952	$ 165,060	$ 378,012	$ 2,203,873
Employee benefits	116,848	31,668	15,025	163,541	22,998	24,097	47,095	210,636
Payroll taxes	109,767	44,509	17,534	171,810	22,151	5,074	27,225	199,035
Total salaries and employee benefits	1,398,588	529,705	232,919	2,161,212	258,101	194,231	452,332	2,613,544
Professional and contractual fees	64,253	169,210	-	233,463	81,761	106,581	188,342	421,805
Supplies	108,490	7,496	54	116,040	4,633	1,788	6,421	122,461
Telephone	13,563	11,131	2,000	26,694	2,594	629	3,223	29,917
Postage and shipping	-	32	-	32	4,595	1,624	6,219	6,251
Occupancy	162,901	17,024	145,567	325,492	29,644	7,033	36,677	362,169
Equipment rental/maintenance	6,635	783	-	7,418	2,309	776	3,085	10,503
Printing and publications	8,118	4,627	-	12,745	1,592	10,797	12,389	25,134
Travel and transportation	13,809	1,982	-	15,791	6	194	200	15,991
Conferences and meetings	7,191	5,251	-	12,442	869	578	1,447	13,889
Individual assistance	24,497	166,182	-	190,679	-	-	-	190,679
Insurance	64,008	3,547	-	67,555	9,825	2,366	12,191	79,746
Advertising	825	150	413	1,388	740	880	1,620	3,008
Miscellaneous	18,972	695	567	20,234	2,698	2,707	5,405	25,639
Interest expense and fees	1,272	-	12,325	13,597	22,664	4,478	27,142	40,739
Total before depreciation	1,893,122	917,815	393,845	3,204,782	422,031	334,662	756,693	3,961,475
Depreciation	265,592	5,154	-	270,746	5,949	5,154	11,103	281,849
	$ 2,158,714	$ 922,969	$ 393,845	$ 3,475,528	$ 427,980	$ 339,816	$ 767,796	$ 4,243,324

See accompanying notes to consolidated financial statements.

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: The Julian Center, Inc. (Center) was formed to carry out the religious, educational, and charitable purposes of the Episcopal Diocese of Indianapolis by fostering the spiritual, emotional and physical well-being of women. The Center is a coordinating ministry of the Diocese. The Center also operates Thrifty Threads, a secondhand store selling donated clothing and other household items.

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., 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, L.P. 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, L.P. The amount outstanding on this loan at December 31, 2014 is $869,076.

Use of Estimates: The preparation of 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.

Cash Equivalents: Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to $250,000. Additionally, for purposes of the consolidated statements of cash flows, the Center considers all highly liquid investments of operating cash purchased with an original maturity of three months or less to be cash equivalents.

Pledges and Grants Receivable: Pledges and grants receivable are recorded at fair value at the time the pledge is made or the grant is committed to the Center. Management believes all pledges and grants 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. Pledges receivable with payment dates beyond one year are discounted using a discount rate that is commensurate with risk. All grants receivable are expected to be collected in the next fiscal year.

Loans Receivable from Related Party: Loans receivable consists of two loan agreements with an Indiana limited partnership, Thirty-Four North, L.P., 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 support the development of low-income housing.

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 $3,416 and $7,120 were held by the Center at December 31, 2014 and 2013.

(Continued)

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	40 Years
Equipment	5 to 10 Years
Furniture and fixture	3 to 10 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.

Impairment of Long-Lived Assets: On an ongoing basis, the Center reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The Center recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the discounted cash flows. At December 31, 2014 and 2013, no impairment is thought to exist.

Net Asset Classification: GAAP requires, among other things, that the financial statements 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 following classes of net assets are used to reflect donor intent:

Unrestricted Net Assets - The unrestricted net asset class includes general assets and liabilities of the Center. The unrestricted net assets may be used to support the Center's purposes and operations.

Temporarily Restricted Net Assets - The temporarily restricted net asset class includes assets of the Center related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates.

Permanently Restricted Net Assets - The permanently restricted net asset class includes 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, 2014 and 2013, the Center did not have any permanently restricted net assets.

Support and Revenue: The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the Center reports the support as unrestricted.

(Continued)

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Donated Services: 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.

Thrifty Threads Sales: Thrifty Threads revenue is recorded at the time a sale is made, rather than at the time of the Center's receipt of donated second-hand goods, as many of the donated goods are not in a condition to be sold, and are deemed to have no fair value. Management has estimated that the value of the store inventory at year end is immaterial to the financial statements as a whole.

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: The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program service, management and general, and development categories based on the actual direct expenditures and cost allocations based upon estimates by Center personnel.

Advertising: Advertising costs are expensed the first time the advertising takes place.

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 and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the Center has been determined not to be a private foundation under Section 509(a) of the Internal Revenue Code.

The Center does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Center recognizes interest and/or penalties related to income tax matters in income tax expense. The Center did not have any amounts accrued for interest and penalties at December 31, 2014 and 2013.

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

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2014, to determine the need for any adjustments or disclosures to the audited financial statements for the year ended December 31, 2014. Management has performed their analysis through July 10, 2015, the date the financial statements were available to be issued. See Note 10 for additional disclosure.

(Continued)

NOTE 2 - PLEDGES RECEIVABLE

Pledges receivable at December 31, 2014 and 2013 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, 2014 and 2013:

	2014	2013
Amounts receivable in:		
Less than one year	$ 66,615	$ 86,902
More than five years	8,434	9,639
Total amounts receivable	75,049	96,541
Less: unamortized discounts	(3,520)	(3,520)
Net contributions receivable	$ 71,529	$ 93,021

NOTE 3 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

During 2002, the Center transferred $750,000 to the Central Indiana Community Foundation, Inc. (CICF) for investment in CICF's pooled endowment. Variance power was transferred to CICF. This transfer of assets to a not-for-profit organization that holds contributions for others in accordance with GAAP is reported as a beneficial interest in assets held by others in the accompanying statement of financial position. The fair value at December 31, 2014 and 2013 is $728,310 and $810,409. Distributions from the fund are based on the amount of investment earnings and spending policy described in the fund agreement between the Center and CICF.

NOTE 4 - LOAN AND DEVELOPER FEES RECEIVABLE

The Center entered into a $1,000,000 loan agreement with Thirty-Four North, L.P. 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, L.P. dated June 19, 2009, which earns interest at an annual rate of 1% and matures on June 30, 2039. While the agreement was executed in 2009, the funds were not loaned to Thirty-Four North, L.P. until October 2010.

Thirty-Four North, L.P. 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 June 30, 2039 maturity dates, together with all accrued interest, shall be due and payable in full.

(Continued)

NOTE 4 - LOAN AND DEVELOPER FEES RECEIVABLE (Continued)

The Center has recorded accrued interest receivable totaling $231,593 and $191,593 in relation to these loans as of December 31, 2014 and 2013.

The Center also has a developer fee receivable of $6,494 at December 31, 2013, from Thirty-Four North, L.P., which represents amounts due to the Center for services provided during the apartment community's development stages. Developer fees for the apartment community's construction, were earned according to the terms of the Development Agreement between the Center and Thirty-Four North, L.P. Developer fees receivable do not earn interest and were paid in full during 2014.

An allowance for loan impairment is considered by management based on an estimate of the loan's collectibility. 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, 2014 and 2013, no allowance has been established as management is not aware of any reasons to believe believe the full amount will not be realizable.

NOTE 5 - PROPERTY AND EQUIPMENT

At December 31, 2014 and 2013, property and equipment included:

	2014	2013
Land	$ 844,993	$ 844,993
Buildings	7,263,944	6,978,549
Equipment	552,306	585,767
Furniture and fixture	649,321	601,985
Leasehold improvements	144,474	396,289
Vehicles	47,437	47,437
	9,502,475	9,455,020
Less accumulated depreciation	3,368,207	3,079,221
	$ 6,134,268	$ 6,375,799

NOTE 6 - SPECIAL EVENTS

The Julian Center sponsors various events each year to raise funds for operations. The net revenue recognized from these events was as follows:

2014	Gala	Julian Jam	Total
Revenue	$ 126,737	$ 52,963	$ 179,700
Direct expenses	52,746	33,102	85,848
	$ 73,991	$ 19,861	$ 93,852

(Continued)

NOTE 6 - SPECIAL EVENTS (Continued)

2013	Gala	Julian Jam	Total
Revenue	$ 219,827	$ 95,680	$ 315,507
Direct expenses	72,863	54,036	126,899
	$ 146,964	$ 41,644	$ 188,608

NOTE 7 - EMPLOYEE BENEFIT PLANS

The Center maintained a defined contribution plan under Section 403(b) of the Internal Revenue Code. The plan was frozen effective December 31, 1997. 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 participant may also elect to defer up to 15% of compensation under the Plan.

The Center's discretionary contributions to these plans totaled $11,595 and $20,425 for 2014 and 2013.

NOTE 8 - 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 2016. Total rental expense was $138,038 and $127,827 for 2014 and 2013.

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

Year Ending December 31,	
2015	$ 81,900
2016	20,475
	$ 102,375

NOTE 9 - CAPITAL LEASES

The Center has entered into capital lease agreements for copiers and postage 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 $51,295 at December 31, 2014 and a total cost basis of $68,900 and a net book value of $62,335 at December 31, 2013.

Payment requirements are as follows at December 31, 2014.

2015	$ 16,808
2016	16,808
2017	16,808
2018	10,022
2019	1,273
Total minimum lease payments	61,719
Amounts representing interest	(8,830)
Present value of net minimum capital lease payments	$ 52,889

NOTE 10 - LINE OF CREDIT

During 2013, the Center renewed a $200,000 line of credit with Key Bank maturing in April 2014. The line of credit charges interest at the prime rate, which was 3.25% as of December 31, 2014. The line of credit is secured by the Center's assets. Borrowings on the line of credit as of December 31, 2014 and 2013 were $179,036. The line of credit expired on September 1, 2014 and has not been renewed. Under the terms of the promissory note, Key Bank has the right to covert the line of credit to an installment loan with monthly payments equal to 1.67% of the unpaid balance. Key Bank has not exercised that option.

NOTE 11 - 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, 2014 and 2013 the restricted purposes are as follows:

	2014	2013
Shelter endowment	$ 593,547	$ 593,547
Medical services for shelter residents	7,375	7,375
Children's therapy and enrichment	-	16,500
Circles of Support	77,500	84,628
Non-resident Advocates	-	18,327
Capacity building	2,949	83,975
Victim Assistance	20,755	-
Other	12,049	8,082
	$ 714,175	$ 812,434

(Continued)

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS (Continued)

Temporarily restricted net assets have been released from restriction due to the purpose or time restriction being met for the years ending December 31, 2014 and 2013 are as follows:

	2014	2013
Children's therapy and enrichment	$ 16,500	$ 16,500
Non-resident Advocates	18,327	23,780
Circles of Support	84,628	72,541
Capacity building	62,822	18,205
Other	4,237	12,765
	$ 186,514	$ 143,791

NOTE 12 - ENDOWMENT COMPOSITION

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.

Endowment net asset composition by type of fund as of December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated - donor restricted funds	$ -	$ 593,547	$ -	$ 593,547
Board-designated funds	134,763	-	-	134,763
Total funds	$ 134,763	$ 593,547	$ -	$ 728,310

Endowment net asset composition by type of fund as of December 31, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated - donor restricted funds	$ -	$ 593,547	$ -	$ 593,547
Board-designated funds	216,862	-	-	216,862
Total funds	$ 216,862	$ 593,547	$ -	$ 810,409

(Continued)

NOTE 12 - ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for year ended December 31, 2014 and 2013:

	Unrestricted	Temporarily Unrestricted	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	(125,521)	-	-	(125,521)
Net assets, December 31, 2014	$ 134,763	$ 593,547	$ -	$ 728,310

	Unrestricted	Temporarily Unrestricted	Permanently Restricted	Total
Endowment net assets, January 1, 2013	$ 160,330	$ 593,547	$ -	$ 753,877
Net depreciation (realized and unrealized gain)	94,226	-	-	94,226
Appropriation of endowment assets for expenditure	(37,694)	-	-	(37,694)
Net assets, December 31, 2013	$ 216,862	$ 593,547	$ -	$ 810,409

Interpretation of SPMIFA: 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. At December 31, 2014 and 2013, the Center's endowment does not contain any amounts with a donor-imposed restriction that they be held in perpetuity.

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.

NOTE 12 - ENDOWMENT COMPOSITION (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.

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, 2014 and 2013, there were no funds with deficiencies.

NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Center's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

> Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
>
> Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
>
> Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

(Continued)

NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The fair value of the equity investments are valued using active markets that the Center has the ability to access as of the measurement date. These are considered to be Level 1 investments.

The fair value of beneficial interest in assets held by Central Indiana Community Foundation (CICF) is based upon the Center's proportionate share of CICF's pooled investment portfolio. Center management and Board of Directors review the valuations and returns in comparison to industry benchmarks and other information provided by CICF, but do not receive a detailed listing of the holdings the Foundation is invested in. The Center does not have the ability to redeem this beneficial interest on a short-term basis. Withdrawals are limited to the terms of the Center's agreement with CICF. (Level 3 inputs)

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

	2014 Fair Value Measurements	
	Level 1	Level 3
Equity investments	$ 3,416	$ -
Beneficial interest in assets held by others	-	728,310
Total	$ 3,416	$ 728,310

	2013 Fair Value Measurements	
	Level 1	Level 3
Equity investments	$ 7,120	$ -
Beneficial interest in assets held by others	-	810,409
Total	$ 7,120	$ 810,409

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2014 and 2013:

	Beneficial Interest in Assets Held by Others	
	2014	2013
Beginning balance, January 1	$ 810,409	$ 753,877
Net investment gains	55,378	105,548
Investment fees	(11,956)	(11,322)
Withdrawals	(125,521)	(37,694)
Ending balance, December 31	$ 728,310	$ 810,409

(Continued)

NOTE 14 - LOANS PAYABLE

During 2009, the Center was awarded a no interest loan from a private charitable foundation. During 2012, the Center and the private charitable foundation revised the repayment terms. The principal is to be repaid in quarterly installments during 2013 with a 3% interest rate to begin on January 1, 2013. In 2013, the Center made a lump sum payment to fully repay the outstanding loan balance.

On January 28, 2010, the Center entered into a purchase agreement for a van. The amount financed was $20,798 at 0% interest. Repayment amounts of approximately $583 are due monthly for 36 months. In February 2013, the loan was repaid in full.

SUPPLEMENTAL INFORMATION

THE JULIAN CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2014

Federal Grantor / Program Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Provided to Subrecipients
Pass through State of Indiana:				
Department of Agriculture				
Child and Adult Care Food Program	10.558	1490133	$ 32,223	$ -
Department of Health and Human Services				
Social Serivces Block Grant	93.667	SSBG-2107	26,100	-
Federal Family Violence Prevention Grant	93.671	13FFV2572	58,874	-
Pass through Indiana Criminal Justice Institute:				
Department of Justice				
Violence Against Women Formula Grant	16.588	13ST-2076,14ST-2925	42,950	-
Crime Victim Assistance	16.575	13VA2339, 13VA2465	144,568	-
Pass through City of Indianapolis:				
Department of Housing and Urban Development				
Supportive Housing Program	14.235	13DMD-PO 1300629	154,425	-
Continuum of Care	14.267	13DMD-1300001149	132,135	-
Department of Justice				
				-
Community Defined Solutions Grant	16.590	16DPS 1600003657	177,064	-
Legal Assistance for Victims Grant Program	16.524	2012-WL-AX-0013, 14SASP-3660	169,060	125,859
Total Federal Expenditures			$ 937,399	$ 125,859

See accompanying note to schedule of expenditures of federal awards

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Julian Center, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

INDEPENDENT AUDITOR'S 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*

Board of Directors
The Julian Center, Inc.
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Julian Center, Inc. (Center), which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 10, 2015.

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 a 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely 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 effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
July 10, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Directors
The Julian Center, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited The Julian Center, Inc.'s (Center) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The Julian Center, Inc.'s major federal programs for the year ended December 31, 2014. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 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, 2014.

(Continued)

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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
July 10, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	____	Yes	X	No
Significant deficiencies identified not considered to be material weaknesses?	____	Yes	X	None Reported
Noncompliance material to financial statements noted?	____	Yes	X	No

Federal Awards

Internal Control over major programs:

Material Weakness(es) identified?	____	Yes	X	No
Significant deficiencies identified not considered to be material weaknesses?	____	Yes	X	None Reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
16.575	Crime Victim Assistance
16.524	Legal Assistance for Victims
16.590	Community Defined Solutions Grant

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

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

SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS:

None

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS ARE DEFINED IN OMB CIRCULAR A-133 510(a):

None

None.