THE JULIAN CENTER, INC.
AND SUBSIDIARY

Consolidated Financial Statements

Together with Independent Auditors' Report

December 31, 2016 and 2015

GREENWALT CPAs

We Deliver Peace of Mind

THE JULIAN CENTER, INC. AND SUBSIDIARY
TABLE OF CONTENTS
DECEMBER 31, 2016 AND 2015

PH 317 241 2999
FAX 317 240 4485

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

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, 2016 and 2015, 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 financial position of the Center as of December 31, 2016 and 2015, 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 22, 2017 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.

Greenwalt CPAs, Inc.

June 22, 2017

THE JULIAN CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
CURRENT ASSETS		
Cash	$ 720,787	$ 520,459
Grants receivable	228,334	237,793
Pledges receivable - current portion, net (Note 2)	89,433	123,120
Prepaid expenses	58,866	34,901
Donated inventory	107,798	113,370
Investments	10,620	4,432
Total current assets	1,215,838	1,034,075
PLEDGE RECEIVABLE - LONG-TERM	75,000	6,024
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)	726,392	736,012
PROPERTY AND EQUIPMENT, NET (NOTE 5)	5,880,554	6,009,963
Total assets	$ 9,497,562	$ 9,385,852

LIABILITIES AND NET ASSETS

	2016	2015
CURRENT LIABILITIES		
Accounts payable	$ 72,271	$ 86,178
Accrued payroll and related benefits	136,945	125,009
Current portion of capital lease liability	16,488	16,488
Current portion of note payable	27,411	-
Other accrued liabilities	7,084	7,086
Deferred revenue	5,000	5,000
Total current liabilities	265,199	239,761
LONG-TERM LIABILITIES		
Capital lease liability, net of current portion	7,727	23,316
Line of credit (Note 6)	-	179,036
Note payable, net of current portion (Note 7)	113,300	-
Total long-term liabilities	121,027	202,352
Total liabilities	386,226	442,113
COMMITMENTS (NOTE 10)		
NET ASSETS		
Unrestricted (includes net assets designated by the Board of Directors of $117,733 and $94,690 for 2016 and 2015)	8,212,851	8,183,340
Temporarily restricted	836,021	697,935
Permanently restricted	62,464	62,464
Total net assets	9,111,336	8,943,739
Total liabilities and net assets	$ 9,497,562	$ 9,385,852

THE JULIAN CENTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
REVENUE, GAINS, AND OTHER SUPPORT					
Public contributions	$ 1,076,091	$ 216,807	$ -	$ 1,292,898	$ 1,457,552
Government grants	1,614,542	-	-	1,614,542	1,522,070
Thrift store and consignment sales, net	519,402	-	-	519,402	633,392
United Way	372,632	-	-	372,632	317,663
In-kind contributions	218,338	-	-	218,338	497,691
Fundraising events, net of expenses of $15,734	93,773	-	-	93,773	96,337
Rental income	42,600	-	-	42,600	42,600
Investment returns	790	-	-	790	46,235
Change in value of beneficial interest in assets held by others	27,181	-	-	27,181	(18,347)
Other income	27,005	-	-	27,005	38,051
Releases from restriction	78,721	(78,721)	-	-	-
Total revenue, gains, and other support	4,071,075	138,086	-	4,209,161	4,633,244
EXPENSES					
Program services:					
Resident services	2,106,053	-	-	2,106,053	2,007,155
Non-resident services	606,045	-	-	606,045	660,941
Thrifty Threads	448,961	-	-	448,961	436,953
Total program services	3,161,059	-	-	3,161,059	3,105,049
Supporting services:					
Management and general	516,801	-	-	516,801	529,647
Development	363,704	-	-	363,704	392,883
Total supporting services	880,505	-	-	880,505	922,530
Total expenses	4,041,564	-	-	4,041,564	4,027,579
CHANGE IN NET ASSETS	29,511	138,086	-	167,597	605,665
NET ASSETS, BEGINNING OF YEAR	8,183,340	697,935	62,464	8,943,739	8,338,074
NET ASSETS, END OF YEAR	$ 8,212,851	$ 836,021	$ 62,464	$ 9,111,336	$ 8,943,739

See accompanying notes to consolidated financial statements.

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

	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
	$ 2,106,053	$ 606,045	$ 448,961	$ 3,161,059	$ 516,801	$ 379,438	$ 896,239	$ 4,057,298

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

CHANGE IN CASH

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors, grantors, and program services	$ 3,936,700	$ 3,920,838
Cash paid to suppliers and employees	(3,545,691)	(3,469,265)
Interest paid	(29,333)	(30,268)
Investment income	790	247
Net cash provided by operating activities	362,466	421,552
CASH FLOWS FROM INVESTING ACTIVITIES		
Donations for investments	(5,866)	(1,464)
Withdrawals from beneficial interest in assets held by others	36,801	36,416
Purchases of property and equipment	(139,159)	(20,965)
Net cash provided by (used in) investing activities	(108,224)	13,987
CASH FLOWS FROM FINANCING ACTIVITIES		
Permanently restricted contributions for endowment	-	(62,464)
Payments on capital leases	(15,589)	(13,085)
Payments on line of credit and note payable	(38,325)	-
Net cash used in financing activities	(53,914)	(75,549)
NET INCREASE IN CASH	200,328	359,990
CASH, BEGINNING OF YEAR	520,459	160,469
CASH, END OF YEAR	$ 720,787	$ 520,459
NON-CASH ITEMS		
Donated inventory	$ -	$ 96,370
Donated property and equipment	-	130,776
	$ -	$ 227,146

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

	2016	2015
CHANGE IN NET ASSETS	$ 167,597	$ 605,665
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	268,568	276,046
Change in value of beneficial interest in assets held by others	(27,181)	18,347
Unrealized (gain) loss on investments	(322)	447
Donated property and equipment	-	(130,776)
Change in donated inventory	5,572	(96,370)
Decrease (increase) in operating assets:		
Grants receivable	9,459	(134,212)
Pledges receivable, net	(35,289)	(57,615)
Prepaid expenses	(23,965)	(1,535)
Accrued interest receivable	-	(46,435)
Increase (decrease) in operating liabilities:		
Accounts payable	(13,907)	(30,160)
Accrued payroll and related benefits	11,936	13,084
Other accrued liabilities	(2)	66
Deferred revenue	-	5,000
Total adjustments	194,869	(184,113)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 362,466	$ 421,552

1. Summary of Significant Accounting Policies

General

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

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

The Center is a guarantor for a mortgage loan obtained by Thirty-Four North. The amount outstanding on this loan at December 31, 2016 and 2015 was $852,288 and $863,773, respectively.

Basis of Accounting and Use of Estimates

The accompanying 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 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, 2016 and 2015. At December 31, 2016, the Center maintained cash in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC).

1. Summary of Significant Accounting Policies, Continued

Grants and Pledges Receivable

Grants and pledges receivable are recorded at fair value at the time the grant is committed or 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.

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 $10,620 and $4,432 were held by the Center at December 31, 2016 and 2015, respectively.

Loans Receivable from Related Party

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

Donated Inventory

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

Property and Equipment

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

Buildings	39 Years
Equipment	5 to 8 Years
Furniture and 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.

1. Summary of Significant Accounting Policies, Continued

Net Assets

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

Unrestricted

This includes general assets and liabilities of the Center, which may be used at the discretion of management and Board of Directors to support the Center's purposes and operations. The Board has designated $117,733 and $94,690 at December 31, 2016 and 2015, 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, 2016 and 2015.

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.

1. Summary of Significant Accounting Policies, Continued

Donated Property and Services, Continued

The Center reports gifts of meals and other related kitchen items as unrestricted support and 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 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.

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

	2016	2015
Donated Goods:		
Meals and kitchen items	$ 163,910	$ 306,915
Donated Services:		
Facilities	54,428	190,776
	$ 218,338	$ 497,691

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.

1. Summary of Significant Accounting Policies, Continued

Subsequent Events

Subsequent events have been evaluated by management through June 22, 2017, which is the date the financial statements were available to be issued.

2. Pledges Receivable

Pledges receivable at December 31, 2016 and 2015 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:

	2016	2015
Amounts receivable in:		
Less than one year	$ 89,443	$ 123,120
More than one year	78,520	9,544
	167,953	132,664
Less: unamortized discounts	(3,520)	(3,520)
Net contributions receivable	$ 164,433	$ 129,144

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 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, 2016 and 2015, respectively.

3. Loans Receivable, Continued

An allowance for loan impairment is considered by management based on an estimate of the loan's collectability. Management's policy is that all loans, including impaired loans, shall accrue interest. Each year management will estimate whether that interest is collectible. Management did not accrue interest on the loans in 2016 as management has estimated that the present value of the future cash flows will not exceed the current carrying amount of the loans.

4. Fair Value of Financial Instruments

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

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

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

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

December 31, 2015	Level 1	Level 2
Equity investments	$ 4,432	$ -
Beneficial interest in assets held by others	-	736,012
	$ 4,432	$ 736,012

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 2016. See note 9.

5. Property And Equipment

At December 31, property and equipment included:

	2016	2015
Land	$ 844,993	$ 844,993
Buildings	7,412,111	7,347,731
Equipment	439,632	432,224
Furniture and fixture	783,748	732,877
Leasehold improvements	151,768	151,768
Vehicles	53,542	37,042
	9,685,794	9,546,635
Less accumulated depreciation	(3,805,240)	(3,536,672)
	$ 5,880,554	$ 6,009,963

6. Line of Credit

The Center had a $200,000 line of credit with a financial institution which expired in September 2014. The line of credit charged interest at the prime rate. The line of credit was secured by the Center's assets. As of December 31, 2015, the Center outstanding balance on the line of credit was $179,036. 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.

7. Note Payable

In September 2016, the Center converted the line of credit to a note payable with a financial institution 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 future maturities of the note payable are as follows for the years ending December 31:

2017	$ 27,411
2018	28,906
2019	30,483
2020	32,138
2021	21,773
	$ 140,711

8. 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:

	2016	2015
Shelter endowment	$ 593,547	$ 593,547
Medical services for shelter residents	16,486	7,375
General operating expenses	45,000	33,000
Capacity building	10,000	11,711
Victim assistance	162,697	40,253
Other	8,291	12,049
	$ 836,021	$ 697,935

Temporarily restricted net assets have been released from restriction due to the purpose or time restriction being met for 2016 and 2015 are as follows:

	2016	2015
General operating expenses	$ 33,000	$ -
Circles of Support	-	77,500
Capacity building	11,711	2,948
Victim Assistance	30,253	10,755
Other	3,757	-
	$ 78,721	$ 91,203

9. 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.

9. Endowment, Continued

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.

9. Endowment, Continued

Changes in endowment net assets for the years ended December 31, 2016 and 2015:

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2015	$ 134,763	$ 593,547	$ -	$ 728,310
Contributions			62,464	62,464
Net depreciation (realized and unrealized losses)	(18,347)	-	-	(18,347)
Appropriation of endowment assets for expenditure	(36,415)	-	-	(36,415)
Net assets, December 31, 2015	$ 80,001	$ 593,547	$ 62,464	$ 736,012

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, 2016 and 2015, there were no funds with deficiencies.

9. Endowment, Continued

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

10. 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 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 $135,840 and $137,511 for 2016 and 2015, respectively. The total minimum rental commitment under the leases mentioned above is as follows:

2017	$	88,649
2018		88,649
2019		87,500
2020		87,500
2021		21,875
	$	374,173

The Center leases space to an organization with an expiration date through December 2017. Lease income for each of the years ended December 31, 2016 and 2015 was $39,275.

11. 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 $24,579 at December 31, 2016 and a total cost basis of $71,980 and a net book value of $38,905 at December 31, 2015.

Payment requirements are as follows at December 31:

2017	$	16,488
2018		8,571
2019		857
Total minimum lease payments		25,916
Amounts representing interest		(1,701)
Present value of net minimum capital lease payments	$	24,215

12. 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 $13,069 and $8,928 for 2016 and 2015, respectively.

13. 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	$ 84,129	$ 84,129	Federal grant passed through state or local government
Sexual Assault Service Formula Program	U.S. Department of Justice – Indiana Criminal Justice Institute	16.017	35,833	35,833	Federal grant passed through state or local government
Violence Against Women Formula Grant	U.S. Department of Justice – Indiana Criminal Justice Institute	16.588	57,249	57,249	Federal grant passed through state or local government
Crime Victim Assistance	U.S. Department of Justice – Indiana Criminal Justice Institute	16.575	383,178	383,178	Federal grant passed through state or local government
Legal Assistance for Victims	U.S. Department of Justice	16.524	201,405	201,405	Direct federal grant
Child and Adult Care Food Program	U.S. Department of Agriculture – Indiana Department of Education	10.558	36,316	36,316	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	25,621	25,621	Federal grant passed through state or local government

13. FEDERAL, STATE AND LOCAL GRANT AWARDS, CONTINUED

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	81,059	81,059	Federal grant passed through state or local government
Community Development Block Grant	U.S. Department of Housing and Urban Development – City of Indianapolis	14.218	15,800	15,800	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	59,382	59,382	Federal grant passed through state or local government
Supportive Housing Program	U.S. Department of Housing and Urban Development – City of Indianapolis	14.235	157,774	157,774	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	115,461	115,461	Federal grant passed through state or local government
Housing Trust Fund	City of Indianapolis	N/A	10,302	10,302	State and local funding
Domestic Violence Prevention and Treatment	Indiana Criminal Justice Institute	N/A	278,905	278,905	State and local funding
Homeless Support	Lawrence Township Trustee	N/A	10,375	10,375	State and local funding
Homeless Support	Pike Township Trustee	N/A	9,019	9,019	State and local funding
Homeless Support	Warren Township Trustee	N/A	21,055	21,055	State and local funding
Homeless Support	Washington Township Trustee	N/A	19,500	19,500	State and local funding
Total funding			$1,602,363	$1,602,363	

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				
Legal Assistance for Victims	16.524		$ 201,405	$ 151,339
Indianapolis Metropolitan Police Department				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2015-WE-AX-0026	84,129	-
Indiana Criminal Justice Institute				
Sexual Assault Services Formula Program	16.017	16SASP-5174, 15SASP-4374	35,833	-
Violence Against Women Formula Grant	16.588	16STOP-5056, 15STOP-3982	57,249	-
Crime Victim Assistance	16.575	16VOCA-5416 15VOCA-4360 16VOCA-5415 15VOCA-4359 EDS-D3-16-10826	383,178	-
U.S. DEPARTMENT OF AGRICULTURE				
Indiana Department of Education				
Child and Adult Care Food Program	10.558	1490133	36,316	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Indiana Criminal Justice Institute				
Social Services Block Grant	93.667	16SSBG-5541, 15SSBG-4449	25,621	-
Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Services	93.671	16FVPSA-5629, 15FVPSA-4539	81,059	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
City of Indianapolis				
Community Development Block Grant	14.218	13DMD-1300001999	15,800	-
Emergency Solutions Grant Program	14.231	13DMD-0000001986	59,382	-
Supportive Housing Program	14.235	13DMD-1300001735	157,774	-
Continuum of Care Program	14.267	13DMD-1300002262 13DMD-1300002853	115,461	-
			$ 1,253,207	$ 151,339

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, 2016. 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.

PH 317 241 2999
FAX 317 240 4485

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

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, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 22, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Greenwalt CPAs, Inc.

June 22, 2017

PH 317 241 2999
FAX 317 240 4485

GREENWALT CPAs

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

Report on Compliance For Each Major Federal Program And Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited the Julian Center, Inc. and Subsidiary's (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended December 31, 2016. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on the compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

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.

Greenwalt CPAs, Inc.

June 22, 2017

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

2 Internal control over financial reporting:
Material weakness identified? _______yes ___X____no
Significant deficiency identified? _______yes ___X____none reported

3. Noncompliance material to financial statements noted? _______yes ___X____no

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
16.524	Legal Assistance for Victims
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? ___X___yes _______no

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

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

None