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October 22, 2021


Board of Directors  
The Julian Center, Inc.  
2011 N. Meridian St..  
Indianapolis, IN 46202

We have reviewed the audit report of The Julian Center, Inc., which was opined upon by Greenwalt CPAs, Inc., Independent Public Accountants, for the period January 1, 2019 to December 31, 2019. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of The Julian Center, Inc. as of December 31, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings in the report on pages 32-33. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on pages 34-35.

In our opinion, Greenwalt CPAs, Inc. prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

  
Paul D. Joyce, CPA  
State Examiner

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THE JULIAN CENTER, INC.  
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS  
Together with Independent Auditors' Report  
DECEMBER 31, 2019 AND 2018

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THE JULIAN CENTER, INC. AND SUBSIDIARY

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DECEMBER 31, 2019 AND 2018

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of The Julian Center, Inc. and Subsidiary (the Center), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Center as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited the Center's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

## 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 25, 2020 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 effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

*Greenwald CPAs, Inc.*

June 25, 2020

THE JULIAN CENTER, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018

		<u>ASSETS</u>	
		<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>			
Cash		\$ 466,310	\$ 2,012,802
Grants receivable		460,229	286,810
Pledges receivable, net		13,763	87,042
Prepaid expenses		65,287	56,665
Donated inventory		117,841	108,012
Investments		<u>569,798</u>	<u>36,125</u>
<i>Total current assets</i>		1,693,228	2,587,456
<b>LOANS AND ACCRUED INTEREST RECEIVABLE FROM RELATED PARTY (NOTE 3)</b>		1,599,778	1,599,778
<b>BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (NOTE 5 AND NOTE 9)</b>		806,765	712,664
<b>PROPERTY AND EQUIPMENT, NET (NOTE 6)</b>		<u>5,424,301</u>	<u>5,557,757</u>
<i>Total assets</i>		<u>\$ 9,524,072</u>	<u>\$ 10,457,655</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable		\$ 75,176	\$ 120,533
Accrued payroll and related benefits		159,354	153,531
Current portion of capital lease liability (Note 11)		21,455	6,162
Current portion of note payable (Note 7)		32,138	30,483
Other accrued liabilities		23,809	6,491
Deferred revenue		<u>-</u>	<u>10,000</u>
<i>Total current liabilities</i>		<u>311,932</u>	<u>327,200</u>
<b>LONG-TERM LIABILITIES</b>			
Capital lease liability, net of current portion (Note 11)		37,149	15,486
Note payable, net of current portion (Note 7)		<u>21,862</u>	<u>53,911</u>
<i>Total long-term liabilities</i>		<u>59,011</u>	<u>69,397</u>
<i>Total liabilities</i>		<u>370,943</u>	<u>396,597</u>
<b>COMMITMENTS AND CONTINGENCY (NOTES 4, 10, AND 14)</b>			
<b>NET ASSETS</b>			
Without donor restrictions			
Board designated		226,936	132,835
Undesignated		7,268,721	8,083,337
With donor restrictions			
Time and purpose		1,595,008	1,782,422
Perpetual		<u>62,464</u>	<u>62,464</u>
<i>Total net assets</i>		<u>9,153,129</u>	<u>10,061,058</u>
<i>Total liabilities and net assets</i>		<u>\$ 9,524,072</u>	<u>\$ 10,457,655</u>

**THE JULIAN CENTER, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions		2019 Total	2018 Total
		Time and Purpose	Perpetual		
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>					
Public contributions	\$ 917,675	\$ 29,000	\$ -	\$ 946,675	\$ 2,000,482
Government grants	1,918,015	-	-	1,918,015	2,065,089
Thrift store and consignment sales, net	556,029	-	-	556,029	535,874
United Way	308,650	-	-	308,650	327,383
In-kind contributions	272,573	-	-	272,573	240,606
Fundraising events, net of expenses of \$23,085 and \$55,284 for 2019 and 2018, respectively	3,102	-	-	3,102	87,209
Rental income	42,600	-	-	42,600	42,600
Investment returns	22,101	-	-	22,101	2,736
Change in value of beneficial interest in assets held by others	94,101	-	-	94,101	(27,862)
Other income	12,679	-	-	12,679	18,655
Releases from restriction	216,414	(216,414)	-	-	-
<i>Total revenue, gains, and other support</i>	<u>4,363,939</u>	<u>(187,414)</u>	<u>-</u>	<u>4,176,525</u>	<u>5,292,772</u>
<b>EXPENSES</b>					
Program services:					
Safety	1,918,647	-	-	1,918,647	2,027,910
Stability	866,868	-	-	866,868	839,190
Self-sufficiency	359,013	-	-	359,013	262,250
Thrifty Threads	632,744	-	-	632,744	478,091
<i>Total program services</i>	<u>3,777,272</u>	<u>-</u>	<u>-</u>	<u>3,777,272</u>	<u>3,607,441</u>
Supporting services:					
Management and general	1,028,362	-	-	1,028,362	715,981
Fundraising	278,820	-	-	278,820	234,310
<i>Total supporting services</i>	<u>1,307,182</u>	<u>-</u>	<u>-</u>	<u>1,307,182</u>	<u>950,291</u>
<i>Total expenses</i>	<u>5,084,454</u>	<u>-</u>	<u>-</u>	<u>5,084,454</u>	<u>4,557,732</u>
<b>CHANGE IN NET ASSETS</b>	(720,515)	(187,414)	-	(907,929)	735,040
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>8,216,172</u>	<u>1,782,422</u>	<u>62,464</u>	<u>10,061,058</u>	<u>9,326,018</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 7,495,657</u>	<u>\$ 1,595,008</u>	<u>\$ 62,464</u>	<u>\$ 9,153,129</u>	<u>\$ 10,061,058</u>

**THE JULIAN CENTER, INC. AND SUBSIDIARY**  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Safety	Stability	Self-sufficiency	Thrifty Threads	Total Program Services	Management and General	Fundraising	Total Supporting Services	2019 Grand Total	2018 Grand Total
Staff salaries and wages	\$ 910,208	\$ 340,894	\$ 96,867	\$ 245,262	\$ 1,593,231	\$ 466,691	\$ 183,144	\$ 649,835	\$ 2,243,066	\$ 2,081,193
Employee benefits	145,689	29,193	12,830	52,725	240,437	33,013	13,333	46,346	286,783	268,461
Payroll taxes	73,076	26,943	7,787	19,194	127,000	181,289	14,394	195,683	322,683	171,873
Direct client assistance	18,050	286,461	13,722	50	318,283	-	1,287	1,287	319,570	235,497
Client services	209,627	16,526	598	-	226,751	-	-	-	226,751	201,507
Administrative expenses	349,622	78,439	193,087	55,891	677,039	169,736	19,639	189,375	866,414	804,559
Building expenses	82,043	9,398	27,777	242,135	361,353	106,073	26,581	132,654	494,007	480,513
Workers compensation insurance	2,592	1,179	472	1,061	5,304	25,272	411	25,683	30,987	28,826
Development	-	-	-	-	-	11,063	8,199	19,262	19,262	29,009
Interest expense and fees	885	541	41	16,426	17,893	8,048	6,992	15,040	32,933	25,502
Total before depreciation	1,791,792	789,574	353,181	632,744	3,567,291	1,001,185	273,980	1,275,165	4,842,456	4,326,940
Depreciation	126,855	77,294	5,832	-	209,981	27,177	4,840	32,017	241,998	230,792
Total including depreciation	1,918,647	866,868	359,013	632,744	3,777,272	1,028,362	278,820	1,307,182	5,084,454	4,557,732
Special event expense netted with revenue on the statement of activities	-	-	-	-	-	-	23,085	23,085	23,085	55,284
	<u>\$ 1,918,647</u>	<u>\$ 866,868</u>	<u>\$ 359,013</u>	<u>\$ 632,744</u>	<u>\$ 3,777,272</u>	<u>\$ 1,028,362</u>	<u>\$ 301,905</u>	<u>\$ 1,330,267</u>	<u>\$ 5,107,539</u>	<u>\$ 4,613,016</u>

See accompanying notes to consolidated financial statements.

**CHANGE IN CASH**

	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributors, grantors, and program services	\$ 3,677,610	\$ 5,547,468
Cash paid to suppliers and employees	(4,577,617)	(4,049,676)
Interest paid	(32,933)	(25,502)
Investment income	22,101	2,736
	<u>                    </u>	<u>                    </u>
<i>Net cash provided by (used in) operating activities</i>	<u>(910,839)</u>	<u>1,475,026</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(533,673)	-
Withdrawals from beneficial interest in assets held by others	-	38,976
Purchases of property and equipment	(41,215)	(45,949)
	<u>                    </u>	<u>                    </u>
<i>Net cash used in investing activities</i>	<u>(574,888)</u>	<u>(6,973)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additions to (payments on) capital leases	(30,371)	(12,438)
Payments on note payable	(30,394)	(28,906)
	<u>                    </u>	<u>                    </u>
<i>Net cash used in financing activities</i>	<u>(60,765)</u>	<u>(41,344)</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 (1,546,492)	 1,426,709
 <b>CASH, BEGINNING OF YEAR</b>	 <u>2,012,802</u>	 <u>586,093</u>
 <b>CASH, END OF YEAR</b>	 <u>\$ 466,310</u>	 <u>\$ 2,012,802</u>
 <b>NON-CASH INVESTING ACTIVITY</b>		
Donated investments	<u>\$ -</u>	<u>\$ 7,563</u>
 Property and equipment purchased via capital lease	 <u>\$ 67,327</u>	 <u>\$ 22,620</u>

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

	<b>2019</b>	<b>2018</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (907,929)</b>	<b>\$ 735,040</b>
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Depreciation	241,998	230,792
Change in value of beneficial interest in assets held by others	(94,101)	27,862
Unrealized and realized gains on investments	-	(514)
Donated investments	-	(7,563)
Change in donated inventory	(9,829)	(9,180)
<i>Decrease (increase) in operating assets:</i>		
Grants receivable	(173,419)	(49,425)
Pledges receivable, net	73,279	510,115
Prepaid expenses	(8,622)	(9,405)
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	(45,357)	13,218
Accrued payroll and related benefits	5,823	24,324
Other accrued liabilities	17,318	(238)
Deferred revenue	(10,000)	10,000
<i>Total adjustments</i>	<u>(2,910)</u>	<u>739,986</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b><u>\$ (910,839)</u></b>	<b><u>\$ 1,475,026</u></b>

THE JULIAN CENTER, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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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 sources of revenue are contributions, government grants, and Thrifty Threads sales.

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

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying consolidated financial statements were prepared on the accrual basis of accounting. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUMMARIZED COMPARATIVE INFORMATION

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Center's consolidated financial statements for the year ended December 31, 2018, from which the summarized information was derived.

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, 2019 and 2018. At December 31, 2019 and 2018, the Center maintained cash in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) by approximately \$280,000 and \$1,800,000, respectively.

THE JULIAN CENTER, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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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 promised to the Center. Grant revenue under cost – reimbursement arrangements is recognized as the costs are incurred. 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 and pledges are due within 1 year. At December 31, 2019 and 2018, there was an allowance for doubtful accounts of \$3,500.

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 net assets without donor restrictions 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 and short-term money market funds (although these short-term reserves constitute an operating reserve fund and are intended to be held for longer than short-term, hence their inclusion as part of overall investments). Investments of \$569,798 and \$36,125 were held by the Center at December 31, 2019 and 2018, respectively. See Note 5.

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 0.01% 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.

THE JULIAN CENTER, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

PROPERTY AND EQUIPMENT

Acquisitions of property and equipment in excess of \$1,000 and useful lives greater than three years are capitalized at cost if purchased, or at fair value if donated. The Center provides for depreciation on the straight-line method at rates designed to depreciate the cost of assets over the following estimated useful lives:

Buildings	39 Years
Equipment	5 to 8 Years
Furniture and fixtures	5 Years
Leasehold improvements	3 to 10 Years
Vehicles	5 Years

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

Repairs and maintenance are expensed in the period incurred.

NET ASSETS

The Center maintains the following classifications of net assets:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary operations of the Center. These include 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.

Board-designated net assets consist of funds without donor restrictions received from donors that can be used in the future in operations in accordance with a board approved plan of action. The Board has designated \$226,936 and \$132,835 at December 31, 2019 and 2018, respectively, for capital expenditures.

Net Assets with Donor Restrictions

Net assets that are subject to stipulations imposed by donors and grantors. 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 restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities as net assets released from restrictions. See Note 8.

Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds 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. Net assets with perpetual restrictions were \$62,464 as of December 31, 2019 and 2018.

THE JULIAN CENTER, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

RECOGNITION OF SUPPORT AND REVENUE

The Center's revenues consist primarily of contributions and pledges, government grants, thrift store and consignment sales, and donated property and services. Earned revenue is recognized as follows:

Thrift store and consignment sales relate to Thrifty Threads revenue results from the sale of donated second-hand goods. Sales are based on the average sales price that any given type of item is sold for at the store. Sales prices are tracked, and a running list is kept to calculate an average sales price. Revenue is recognized when sale of merchandise is complete and is reported net of amounts due to third parties for consignment sales.

The following table disaggregates the Center's earned revenue on the timing for satisfaction of performance obligations for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Point in time	<u>\$ 556,029</u>	<u>\$ 535,874</u>

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.

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. Contributions with donor restrictions are reported as increases in revenue with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in revenue without donor restrictions if the restrictions expire in the year in which the contributions are recognized.

The Center reports gifts of land, buildings, and equipment as support without donor restrictions 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 support with donor restrictions. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Center reports gifts of meals and other related kitchen items as support without donor restrictions, these are valued at cost specified by the donor.

Contributions of services are recognized if the services received (a) enhance financial assets or (b) require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation. In addition, a substantial number of volunteers have donated significant time and effort towards establishing the Center's fundraising campaigns and providing assistance with operations and administration.

THE JULIAN CENTER, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

RECOGNITION OF SUPPORT AND REVENUE, CONTINUED

The dollar value of the volunteer donated services is not reflected in the financial statements as management feels there is no objective basis available to measure the value of such services. Donated goods and services are treated as noncash transactions for purposes of the statement of cash flows.

For the years ended December 31, the in-kind contributions are as follows:

	<u>2019</u>	<u>2018</u>
Donated Goods:		
Meals and kitchen items	\$ 192,743	\$ 171,426
Donated Services:		
Facilities maintenance services	<u>79,830</u>	<u>69,180</u>
	<u>\$ 272,573</u>	<u>\$ 240,606</u>

FUNCTIONAL ALLOCATION OF EXPENSES

Certain costs have been allocated among the program services, management and general, and fundraising categories based on the actual direct expenditures and cost allocations. The majority of allocations are based upon estimates of time and efforts by Center personnel. However, facilities related costs including occupancy, insurance, and depreciation are based on square footage.

INCOME TAXES

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

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through June 25, 2020, which is the date the financial statements were available to be issued. See Note 16.

NEW ACCOUNTING PRONOUNCEMENTS

The Center has adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* as of January 1, 2019. The ASU provided clarified guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Center applied the update on a modified prospective basis to agreements that were either not completed as of the effective date or entered into as of the effective date. The application of the update had no impact on net assets as of January 1, 2019.

THE JULIAN CENTER, INC. AND SUBSIDIARY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The Center has adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as of and for the year ended December 31, 2019. The update provides organizations with a single revenue recognition model for recognizing revenue with customers; specifically requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. Analysis of various provisions of this standard resulted in no significant changes in the way the Center recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard. The application had no impact on net assets as of January 1, 2019.

2. LIQUIDITY AND AVAILABLE RESOURCES

The Center regularly monitors liquidity required to meet its operating and other commitments. The Center has various sources of liquid assets at its disposal, including cash and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Center considers all expenditures related to ongoing activities of providing shelter and advocacy to those individuals it serves as well as the supporting operations to be general expenditures.

In addition to financial assets available to meet general expenditures, the Center operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of December 31, 2019 and 2018, the following table shows the total financial assets held by the Center and the amounts of those financial assets available within one year of the statement of financial position date to meet general expenditures:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash	\$ 466,310	\$ 2,012,802
Grants and pledges receivable	473,992	373,852
Donated inventory	117,841	108,012
Investments	569,798	36,125
Beneficial interest in assets held by others	<u>806,765</u>	<u>712,664</u>
Total financial assets	<u>2,434,706</u>	<u>3,243,455</u>
Less amounts not available to be used within one year:		
Board designated net assets	(226,936)	(132,835)
Net assets with donor restrictions	<u>(1,657,472)</u>	<u>(1,844,886)</u>
	<u>(1,884,408)</u>	<u>(1,977,721)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 550,298</u>	<u>\$ 1,265,734</u>

THE JULIAN CENTER, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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**3. LOANS RECEIVABLE**

The Center entered into a \$1,000,000 loan agreement with Thirty-Four North dated May 21, 2009. The loan, which earns interest at the annual rate of 4% and matures on June 1, 2026, was made in relation to the construction of the Thirty-Four North apartment community. The Center also entered into a \$321,750 loan agreement with Thirty-Four North dated June 19, 2009, which earns interest at an annual rate of 1% and matures on December 31, 2039. While the agreement was executed in 2009, the funds were not loaned to Thirty-Four North until October 2010.

Thirty-Four North also has a construction loan with a financial institution, which was obtained as part of the tax credit financing of the apartment community. As long as the construction loan is outstanding with the financial institution, the Center may 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, 2019 and 2018. No interest payments were received in 2019 or 2018.

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 2019 and 2018 as management has estimated that the present value of the future cash flows will not exceed the current carrying amount of the loans and a portion of these future payments have been deemed uncollectible.

**4. GUARANTEE**

The Center is a guarantor for a mortgage loan obtained by Thirty-Four North. The amount outstanding on this loan at December 31, 2019 and 2018, including interest, was \$806,464 and \$820,960, respectively. The loan converted in July 2011 at a balance of \$900,000 and the following loan terms:

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

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

THE JULIAN CENTER, INC. AND SUBSIDIARY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 2019 AND 2018

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**4. GUARANTEE, CONTINUED**

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

2020	\$	15,547
2021		16,928
2022		18,241
2023		19,656
2024		20,020
Thereafter		715,072
	\$	<u>806,464</u>

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>
Equity investments	\$ 68,399	\$ -
Money market funds	501,399	-
Beneficial interest in assets held by others	-	806,765
	<u>\$ 569,798</u>	<u>\$ 806,765</u>
<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>
Equity investments	\$ 36,125	\$ -
Beneficial interest in assets held by others	-	712,664
	<u>\$ 36,125</u>	<u>\$ 712,664</u>

THE JULIAN CENTER, INC. AND SUBSIDIARY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 2019 AND 2018

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5. **FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED**

The fair value of the equity investments and money market funds 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 2019. See Note 9.

6. **PROPERTY AND EQUIPMENT**

At December 31, property and equipment included:

	<u>2019</u>	<u>2018</u>
Land	\$ 844,993	\$ 844,993
Buildings	7,470,011	7,470,011
Equipment	507,045	507,045
Furniture and fixtures	842,572	756,902
Leasehold improvements	151,468	151,468
Vehicles	<u>76,415</u>	<u>53,542</u>
	9,892,504	9,783,961
Less accumulated depreciation	<u>(4,468,203)</u>	<u>(4,226,204)</u>
	<u>\$ 5,424,301</u>	<u>\$ 5,557,757</u>

7. **NOTE PAYABLE**

The Center has a note payable with a financial institution. 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:

2020	\$ 32,138
2021	<u>21,862</u>
	54,000
Less: Current portion	<u>(32,138)</u>
Long-term portion of note payable	<u>\$ 21,862</u>

THE JULIAN CENTER, INC. AND SUBSIDIARY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 2019 AND 2018

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**8. NET ASSETS WITH DONOR RESTRICTIONS – TIME AND PURPOSE**

Net assets with donor restrictions are either donor-restricted for specific purposes or for use in a specified period. At December 31, the restricted purposes are as follows:

	<u>2019</u>	<u>2018</u>
Shelter endowment	\$ 593,547	\$ 593,547
Medical services for shelter residents	20,675	20,675
General operating expenses	-	86,157
Lilly Endowment operating reserve	500,000	500,000
Capacity building	433,065	534,233
Victim assistance	8,292	37,381
Other	39,429	10,429
	<u>\$ 1,595,008</u>	<u>\$ 1,782,422</u>

Net assets with donor restrictions have been released from restriction due to the purpose or time restriction being met for 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Medical services for shelter residents	\$ -	\$ 8,972
General operating expenses	86,157	513,843
Capacity building	101,168	-
Victim assistance	29,089	88,970
Other	-	1,253
	<u>\$ 216,414</u>	<u>\$ 613,038</u>

**9. ENDOWMENT**

The Center's endowment consists of a fund held at the Central Indiana Community Foundation. Its endowment includes endowment funds with donor restrictions 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.

THE JULIAN CENTER, INC. AND SUBSIDIARY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 2019 AND 2018

9. ENDOWMENT, CONTINUED

INTERPRETATION OF RELEVANT LAW, CONTINUED

As a result of this interpretation, the Center classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the perpetual endowment fund, (b) the original value of subsequent gifts to the perpetual endowment fund, and (c) accumulations to the perpetual endowment fund 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 perpetual endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets with donor restrictions 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 endowment funds:

- (1) The duration and preservation of the endowment fund
- (2) The purposes of the Center and the 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 Center
- (7) The investment policies of the Center.

Changes in endowment net assets for the years ended December 31, 2019 and 2018 are as follows:

	<u>Board Designated</u>	<u>With Donor Restrictions – Time and Purpose</u>	<u>With Donor Restrictions – Perpetual</u>	<u>Total</u>
Endowment net assets, January 1, 2019	\$ 56,653	\$ 593,547	\$ 62,464	\$ 712,664
Net appreciation (realized and unrealized gains, net of fees)	<u>94,101</u>	<u>-</u>	<u>-</u>	<u>94,101</u>
Endowment net assets, December 31, 2019	<u>\$ 150,754</u>	<u>\$ 593,547</u>	<u>\$ 62,464</u>	<u>\$ 806,765</u>

THE JULIAN CENTER, INC. AND SUBSIDIARY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 2019 AND 2018

9. ENDOWMENT, CONTINUED

INTERPRETATION OF RELEVANT LAW, CONTINUED

	<u>Board Designated</u>	<u>With Donor Restrictions - Time and Purpose</u>	<u>With Donor Restrictions - Perpetual</u>	<u>Total</u>
Endowment net assets, January 1, 2018	\$ 123,491	\$ 593,547	\$ 62,464	\$ 779,502
Net depreciation (realized and unrealized losses, net of fees)	(27,862)	-	-	(27,862)
Appropriation of endowment funds for expenditure	<u>(38,976)</u>	<u>-</u>	<u>-</u>	<u>(38,976)</u>
Endowment net assets, December 31, 2018	<u>\$ 56,653</u>	<u>\$ 593,547</u>	<u>\$ 62,464</u>	<u>\$ 712,664</u>

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or SPMIFA requires the Center to retain as a fund of duration. Deficiencies of this nature that are in excess of related endowment fund balance reduce the endowment funds accordingly. As of December 31, 2019 and 2018, there were no funds with deficiencies.

RETURN OBJECTIVES AND RISK PARAMETERS

The Center has adopted investment and spending policies for endowment fund assets that attempt to provide a predictable stream of funding to programs supported by its endowment fund while seeking to maintain the purchasing power of the endowment fund 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 fund 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.

THE JULIAN CENTER, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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9. ENDOWMENT, CONTINUED

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

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. This policy permits spending from underwater endowment funds. 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 \$7,292 due monthly through 2021. Common area maintenance fees are also paid as part of the Thrifty Threads retail space. Total rental and common area maintenance expense was \$138,168 and \$134,033 for 2019 and 2018, respectively. The total minimum rental commitment under the leases mentioned above is as follows:

2020	\$	87,500
2021		<u>21,875</u>
	\$	<u>109,375</u>

The Center leases space to an organization under an agreement through March 2020, which represents an extension beyond the original term of expiration of December 2019. The Center will continue to lease space to this organization on a month-to-month basis beyond March 2020, if necessary. Lease income for each of the years ended December 31, 2019 and 2018 was \$42,600. Minimum rental income under the lease will be \$10,650, for the year ending December 31, 2020.

11. CAPITAL LEASES

The Center has capital lease agreements for office equipment with monthly payments ranging from \$115 to \$1,284, including interest, maturing on dates ranging through June 2024.

Leased equipment has a total cost basis of \$81,152 and a net book value of \$58,863 at December 31, 2019 and a total cost basis \$30,075 and a net book value of \$22,620 at December 31, 2018. Leases for equipment with a cost basis of \$65,390 and a net book value of \$7,648 were terminated during 2018 and replaced with a new capital lease arrangement.

**THE JULIAN CENTER, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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**11. CAPITAL LEASES, CONTINUED**

Payment requirements are as follows for the years ending December 31:

2020	\$ 21,455
2021	21,455
2022	21,455
2023	3,316
2024	<u>290</u>
Total minimum lease payments	67,971
Amounts representing interest	<u>(9,367)</u>
Present value of net minimum capital lease payments	<u>\$ 58,604</u>

**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 matching expense related to the 401(k) plan was \$13,929 and \$6,692 during 2019 and 2018, respectively.

The Center made discretionary contributions to these plans during 2019 for the 2018 plan year of \$9,594.

**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
Legal Assistance for Victims	U.S. Department of Justice	16.524	\$ 118,047	\$ 118,047	Direct federal grant
Transitional Housing Assistance Grants for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	U.S. Department of Justice	16.736	123,650	123,650	Direct federal grant
Consolidated and Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies	U.S. Department of Justice	16.888	237,604	237,604	Direct federal grant

THE JULIAN CENTER, INC. AND SUBSIDIARY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 2019 AND 2018

13. FEDERAL, STATE AND LOCAL GRANT AWARDS, CONTINUED

Child and Adult Care Food Program	U.S. Department of Agriculture – Indiana Department of Education	10.558	37,929	37,929	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	12,328	12,328	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	254,488	254,488	Federal grant passed through state or local government
Sexual Assault Services Formula Program	Indiana Criminal Justice Institute	16.017	20,150	20,150	Federal grant passed through state or local government
Crime Victim Assistance	U.S. Department of Justice – Indiana Criminal Justice Institute	16.575	505,214	505,214	Federal grant passed through state or local government
Violence Against Women Formula Grants	U.S. Department of Justice – Indiana Criminal Justice Institute	16.588	45,408	45,408	Federal grant passed through state or local government
Violence Against Women Formula Grants	U.S. Department of Justice – Marion County Sherriff’s Office	16.588	2,174	2,174	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	32,716	32,716	Federal grant passed through state or local government
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	U.S. Department of Health and Human Services – Indiana Criminal Justice Institute	93.671	93,445	93,445	Federal grant passed through state or local government
Sexual Assault Victims Assistance Fund	Indiana Criminal Justice Institute	N/A	101,084	101,084	State and local funding
Domestic Violence Prevention and Treatment	Indiana Criminal Justice Institute	N/A	240,461	240,461	State and local funding
Community Development Block Grant	City of Indianapolis	N/A	8,882	8,882	State and local funding

THE JULIAN CENTER, INC. AND SUBSIDIARY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 2019 AND 2018

13. FEDERAL, STATE AND LOCAL GRANT AWARDS, CONTINUED

Primary Prevention	Indiana Coalition Against Domestic Violence	N/A	20,891	20,891	State and local funding
Homeless Support	Pike Township Trustee	N/A	3,464	3,464	State and local funding
Homeless Support	Warren Township Trustee	N/A	31,745	31,745	State and local funding
Homeless Support	Washington Township Trustee	N/A	24,000	24,000	State and local funding
Homeless Support	Perry Township Trustee	N/A	4,335	4,335	State and local funding
<b>Total funding</b>			<b>\$1,918,015</b>	<b>\$1,918,015</b>	

14. IRS SETTLEMENT

The Julian Center discovered in early 2019 that its former third-party payroll provider both filed incorrect and failed to file payroll tax returns with the Internal Revenue Service as well as failed to remit payments on behalf of the Center. The third-party provider is under IRS investigation. Once this was discovered, the Center immediately notified the IRS and began the process of filing amended returns. The Center has cooperated fully with the IRS in its investigation of the payroll provider. As a result of these matters, the Center remitted payment to the IRS in 2019 totaling approximately \$143,000 in back payroll taxes owed.

15. RECLASSIFICATION

Certain items in the 2018 financial statement have been retroactively reclassified to conform to the 2019 presentation. These reclassifications had no effect on net assets at December 31, 2018.

16. SUBSEQUENT EVENT

In recent days, the COVID-19 pandemic has resulted in a state-wide stay at home order. The extent of the impact of COVID-19 on the Center's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on employees and vendors, all of which are uncertain and cannot be predicted. The Center is anticipating a decline in revenue. The impact of the COVID-19 pandemic on the financial stability of the Center is unknown as of the date of the issuance of these consolidated financial statements.

THE JULIAN CENTER, INC. AND SUBSIDIARY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>Legal Assistance for Victims</i>	16.524		\$ 118,047	\$ 95,863
<i>Transitional Housing Assistance Grants for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault</i>	16.736		123,650	-
<i>Consolidated and Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies</i>	16.888		237,604	142,551
Indiana Criminal Justice Institute <i>Sexual Assault Services Formula Program</i>	16.017	6184	20,150	-
<i>Crime Victim Assistance</i>	16.575	5415 & VOCA-2018-00009 5416 & VOCA-2018-00003 6712 VOCATH-2018-00001	505,214	-
<i>Violence Against Women Formula Grant</i>	16.588	6165	45,408	-
Marion County Sherriff's Office <i>Violence Against Women Formula Grant</i>	16.588	15354	<u>2,174</u>	<u>-</u>
<i>Total U.S. Department of Justice</i>			<u>1,052,247</u>	<u>238,414</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Indiana Department of Education <i>Child and Adult Care Food Program</i>	10.558	1490133	<u>37,929</u>	<u>-</u>
<i>Total U.S. Department of Agriculture</i>			<u>37,929</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
City of Indianapolis CDBG - Entitlement Grants Cluster <i>Emergency Solutions Grant Program</i>	14.231	1300003703	12,328	-
<i>Continuum of Care Program</i>	14.267	1300003330 1300003951 1300003452	<u>254,488</u>	<u>-</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>266,816</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Indiana Criminal Justice Institute <i>Social Services Block Grant</i>	93.667	17SSBG-5541, SSBG- 2018-00001	32,716	-
<i>Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Services</i>	93.671	17FVPSA-6645, FVPSA- 2018-00007	<u>93,445</u>	<u>-</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>126,161</u>	<u>-</u>
<i>Total Schedule of Expenditures of Federal Awards</i>			<u>\$ 1,483,153</u>	<u>\$ 238,414</u>

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, 2019. 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 the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance, when applicable.



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, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 25, 2020.

**Internal Control over Financial Reporting**

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2019-001, that we consider to be a significant deficiency.

## 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs as findings 2019-001 and 2019-002.

## Center's Response to Findings

The Center's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

## Purpose of this Report

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

*Greenwald CPAs, Inc.*

June 25, 2020



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

INDEPENDENT AUDITORS' REPORT

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

**Report on Compliance for Each Major Federal Program**

We have audited the Julian Center, Inc. and Subsidiary's (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended December 31, 2019. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the 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, 2019.

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as finding 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

The Center's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questions costs. The Center's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## 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, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of finds and questioned costs as finding 2019-002 that we consider to be a significant deficiency.

The Center's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questions costs. The Center's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Greenwald CPAs, Inc.*

June 25, 2020

**THE JULIAN CENTER, INC. AND SUBSIDIARY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**A. SUMMARY OF AUDITORS' RESULTS**

**Consolidated Financial Statements**

1. Type of auditors' report issued on whether the consolidated financial statements audited were prepared in accordance with Generally Accepted Accounting Principles (GAAP): Unmodified
2. Internal control over financial reporting:  
 Material weakness(es) identified? yes no  
 Significant deficiency(ies) identified? yes none reported
3. Noncompliance material to consolidated financial statements noted? yes no

**Federal Awards**

4. Internal control over major federal programs:  
 Material weakness(es) identified? yes no  
 Significant deficiency(ies) identified? yes 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 200.516(a)? yes no
- |  |                    |   |
|--|--------------------|---|
| 7. Identification of major federal programs: | <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u>   |
|  | 16.575             | Crime Victim Assistance   |
|  | 16.888             | Consolidated and Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies |
8. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
9. Auditee qualified as low-risk auditee? yes no

**B. FINDINGS - CONSOLIDATED FINANCIAL STATEMENTS AUDIT**

Finding 2019-001

Criteria: All account reconciliations and schedules should tie to general ledger balances prior to being provided as support for audit documentation.

Condition: During the audit, the reconciliation provided in support of the cash balance did not agree to the balance recorded in the general ledger.

Cause: The reconciliation did not appear to have been reviewed by the CFO prior to providing as audit documentation.

Effect: This resulted in one entry to adjust cash for unreconciled deposits as of December 31, 2019 as well as caused audit inefficiencies as Greenwalt CPAs had to wait for a corrected reconciliation to be provided.

Questioned costs: None.

Recommendation: We recommend that the CFO implement a final review process to ensure all reconciliations and supporting schedules tie to the general ledger prior to submission for audit.

Views of responsible officials and planned corrective actions: (see attached corrective action plan)

Finding 2019-002: See section C.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

Finding 2019-002

Criteria: 2 CFR 200.510(b) requires the auditee to prepare a schedule of expenditures of federal awards (the Schedule) for the period covered by the auditee's financial statements that includes certain required elements, including total federal awards expended for each individual federal program.

Condition: During the audit of compliance requirements of each major federal award, it was determined that management reported the total expenditures for the Consolidated and Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies based on general ledger detail that did not agree to the grant control sheet. The grant control sheet contains all expenditures for payroll and nonpayroll items and is used to file claims on a monthly or quarterly basis.

Cause: The grant control sheet did not appear to be compared to the general ledger totals for December 31, 2019.

Effect: This resulted in an increase on the Schedule of approximately \$15,000 for the Consolidated and Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies.

Questioned costs: None.

Recommendation: We recommend that management implement a process whereby someone compares the Schedule to general ledger information which is also compared to the grant control sheets for the year prior to submission for audit.

Views of responsible officials and planned corrective actions: (see attached corrective action plan)



JULIAN CENTER  
We Believe You.

CORRECTIVE ACTION PLAN

06.22.20

To: U.S. Department of Justice

Shelter and Administrative Offices

2011 North Meridian Street  
Indianapolis, IN 46202  
www.juliancenter.org  
317.941.2200

The Julian Center, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2019.

Name and address of independent public accounting firm:

Greenwalt CPAs, Inc.  
5342 West Vermont Street  
Indianapolis, IN 46224

Crisis Line

317.920.9320

Audit period:

Officers

Phil Terry, Chair  
Kathleen St. Louis, Vice Chair  
Erin J. Eberly, Treasurer  
Debi Bardhan, Secretary

The findings from the 2019 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Directors

Anne Hathaway  
Richard Cockrum  
David DeHaven  
Maeghan Hurley  
Eric Johnson  
Pat McNall  
DeShong Perry-Smitherman  
Gregory R. Sheldon  
John Gregg  
Heather Smulyan  
  
President/CEO  
Catherine O'Connor

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

2019 – 001

Reconciliations

Recommendation: We recommend that the CFO implement a final review process to ensure all reconciliations and supporting schedules tie to the general ledger prior to submission for audit.

Action Taken: We concur with the recommendation, and it was implemented effective 03.31.20

FINDINGS—FINANCIAL STATEMENT AUDIT AND MAJOR FEDERAL AWARD PROGRAMS AUDIT

2019 – 002

Schedule of Expenditures of Federal Awards

Recommendation: We recommend that management implement a process whereby someone compares the Schedule to general ledger information which is also compared to the grant control sheets for the year prior to submission for audit.

Action Taken: We concur with the recommendation, and it was implemented effective 03.31.20.



Community Partner



If the U.S. Department of Justice has questions regarding this plan, please call  
Victoria Downs at 317-941-2207.

Sincerely yours,



Victoria Downs



JULIAN CENTER