JUDSON CENTER, INC. AND SUBSIDIARIES

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Years ended September 30, 2015 and 2014

JUDSON CENTER, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Judson Center, Inc. and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Judson Center, Inc. and Subsidiaries (Michigan not-for-profit organizations), which comprise the consolidated statements of financial position as of September 30, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Judson Center, Inc. and Subsidiaries as of September 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 19 to the consolidated financial statements, the beginning net assets as of October 1, 2014 have been restated as a result of prior period adjustments. The effect of the adjustments was to reduce unrestricted net assets by $161,615 and increase temporarily restricted net assets by $161,615. Our opinion is not modified with respect to that matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2016 on our consideration of the Judson Center, Inc. and Subsidiaries internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Judson Center, Inc. and Subsidiaries internal control over financial reporting and compliance.

UHY LLP

Farmington Hills, Michigan
January 25, 2016

JUDSON CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2015	September 30, 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 977,871**	$ 819,725
Accounts receivable, net	**2,376,990**	2,246,478
Prepaid expenses and other	**155,495**	108,320
Total current assets	**3,510,356**	3,174,523
FIXED ASSETS		
Land	**237,054**	237,054
Buildings and building improvements	**6,126,382**	5,907,843
Furniture and fixtures	**1,188,993**	1,267,813
Computer equipment and software	**810,983**	891,230
Transportation equipment	**759,896**	759,896
Construction in process	**95,587**	-
	9,218,895	9,063,836
Less accumulated depreciation and amortization	**5,723,316**	5,502,054
Net fixed assets	**3,495,579**	3,561,782
OTHER ASSETS		
Marketable securities	**10,599,444**	11,800,756
Cash surrender value of life insurance	**182,567**	180,698
Total other assets	**10,782,011**	11,981,454
ASSETS INCLUDED AS PART OF DISCONTINUED OPERATIONS	**254,416**	342,078
Total assets	**$ 18,042,362**	$ 19,059,837

	September 30,	
	2015	2014 - Restated
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	**$ 327,138**	$ 280,259
Accrued expenses	**466,818**	810,609
Deferred revenue	**147,000**	106,850
Capital lease, current portion	**10,817**	9,720
Total current liabilities	**951,773**	1,207,438
CAPITAL LEASE, net of current portion	**4,573**	15,390
PENSION LIABILITY	**2,820,930**	1,778,677
ACCRUED POSTRETIREMENT COSTS	**199,468**	568,430
LIABILITIES INCLUDED AS PART OF DISCONTINUED OPERATIONS	**136,142**	93,232
Total liabilities	**4,112,886**	3,663,167
NET ASSETS		
Unrestricted	**13,463,981**	15,067,141
Temporarily restricted	**465,495**	329,529
Total net assets	**13,929,476**	15,396,670
Total liabilities and net assets	**$ 18,042,362**	$ 19,059,837

See notes to consolidated financial statements.

JUDSON CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES

	Years ended September 30,	
	2015	**2014 - Restated**
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues and Support		
Service fees and grants	**$ 11,707,459**	$ 12,441,950
Public contributions	**2,070,399**	1,589,957
Interest and dividends	**379,257**	343,414
Realized and unrealized (loss) gain on marketable securities	**(661,361)**	291,039
Unrealized (loss) gain on cash surrender value of life insurance	**(4,358)**	9,790
(Loss) gain on sale of fixed assets	**(19,400)**	119,404
Rental income	**75,651**	107,015
Net assets released from restrictions	**402,011**	272,217
Miscellaneous	**460,581**	294,927
Total revenues and support	**14,410,239**	15,469,713
EXPENSES		
Program Services	**12,323,703**	12,988,405
Supporting Services		
Management and general	**2,438,972**	2,431,811
Development	**862,200**	905,490
Total expenses	**15,624,875**	16,325,706
Change in unrestricted net assets before other changes in net assets	**(1,214,636)**	(855,993)
OTHER CHANGES IN NET ASSETS		
Change in pension and postretirement liabilities	**(901,239)**	363,558
Gain on discontinued operations	**512,715**	17,127
Total other changes in net assets	**(388,524)**	380,685
CHANGE IN UNRESTRICTED NET ASSETS	**(1,603,160)**	(475,308)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Restricted public contributions	**447,964**	319,995
Interest and dividends	**2,580**	-
Unrealized gain on cash surrender value of life insurance	**6,226**	-
Net assets released from restrictions	**(320,804)**	(272,217)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	**135,966**	47,778
CHANGE IN NET ASSETS	**(1,467,194)**	(427,530)
NET ASSETS, beginning of year before prior period adjustments	**15,396,670**	15,824,200
Prior period adjustment - temporarily restricted net assets	**-**	161,615
Prior period adjustment - unrestricted net assets	**-**	(161,615)
NET ASSETS, beginning of year after prior period adjustments	**15,396,670**	15,824,200
NET ASSETS, end of year	**$ 13,929,476**	$ 15,396,670

JUDSON CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended September 30, 2015	2014
OPERATING ACTIVITIES		
Change in net assets	**$ (1,979,909)**	$ (444,657)
Change in net assets from discontinued operations	**512,715**	17,127
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Allowance for contractual adjustments and doubtful accounts	**553,970**	65,467
Depreciation and amortization	**418,158**	469,390
Non-cash contribution of stock / life insurance	**-**	(12,045)
Loss (gain) on sale of assets	**(613,855)**	(119,404)
Realized and unrealized loss (gain) on marketable securities	**661,361**	(291,039)
Unrealized loss (gain) on cash surrender value of life insurance	**4,358**	(9,790)
Changes in:		
Accounts receivable	**(826,329)**	(273,997)
Prepaid expenses	**(47,175)**	28,289
Accounts payable	**136,639**	51,767
Accrued expenses	**(368,869)**	34,191
Deferred revenue	**40,150**	41,850
Accrued pension liability	**1,042,253**	(550,910)
Accrued postretirement costs	**(368,962)**	16,538
Net cash (used in) operating activities - continuing operations	**(1,170,892)**	(1,121,599)
Net cash provided by operating activities - discontinued operations	**335,397**	144,376
Net cash (used in) operating activities	**(835,495)**	(977,223)
INVESTING ACTIVITIES		
Purchases of marketable securities	**(4,336,567)**	(6,605,740)
Proceeds from sale of marketable securities	**4,876,518**	6,303,009
Purchases of fixed assets	**(350,352)**	(116,245)
Proceeds from sale of fixed assets and donated property	**813,762**	157,264
Net cash provided by (used in) investing activities - continuing operations	**189,599**	(261,712)
Net cash provided by investing activities - discontinued operations	**813,762**	-
Net cash provided by (used in) investing activities	**1,003,361**	(261,712)
FINANCING ACTIVITY		
Repayments of capital lease	**(9,720)**	(7,036)
CHANGE IN CASH AND CASH EQUIVALENTS	**158,146**	(1,245,971)
CASH AND CASH EQUIVALENTS, at beginning of year	**819,725**	2,065,696
CASH AND CASH EQUIVALENTS, at end of year	**$ 977,871**	$ 819,725
NON-CASH ACTIVITY		
Contribution of stock / life insurance policy	**$ -**	$ 12,045

See notes to consolidated financial statements.

NOTE 1 – ORGANIZATIONS

Judson Center, Inc. ("Judson") is a comprehensive, multi-faceted, community based human service center - one that has been nationally recognized for fostering independence through innovative programs, and for empowering children of all ages and their families to live the best lives possible, through the following programs:

Autism Services

Judson Center Autism Connections helps support the needs of children, teens and adults in southeast Michigan with Autism Spectrum Disorders (ASD) including: Autism, Aspergers, PDD-NOS, and other behavioral challenges and developmental disorders. Judson offers diagnostic assessments to help determine the most appropriate treatment for each individual. In addition, Judson provides Applied Behavior Analysis and Art, Music, Play, Speech and Occupational Therapy.

Behavioral Health Services

Judson has committed its resources and staff to keeping families together. Judson provides services to parents of children with severe emotional disturbances.

Child Welfare Services

Guided by the belief that every child deserves a safe, permanent, and loving family where they can grow up to be happy and productive members of their communities, Judson provides family preservation, foster care and adoption, and residential treatment services for children in need throughout southeast Michigan.

Disability Services

Judson has group homes and provides respite care and vocational services for adults with developmental disabilities and mental illnesses.

The Judson Center Foundation (the "Foundation") is a 501(c)(3) 100% controlled subsidiary of Judson. The purpose of the Foundation is to support Judson.

Judson Center Staffing Solutions, Inc. ("Staffing") is a 100% controlled subsidiary. The purpose of Staffing is to help adults with disabilities obtain and maintain gainful employment in the community.

On December 31, 2014, Judson acquired certain assets of Child Safe Michigan ("Child Safe"), and established a 501(c)(3) 100% controlled subsidiary with the same name. The purpose of Child Safe is to meet the needs of neglected, abused and other at-risk children, and their families, with a focus on prevention, treatment, and community outreach.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these consolidated financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of these consolidated financial statements.

Principles of Consolidation

The accompanying consolidated financial statements reflect the consolidated assets and liabilities, changes in net assets, and cash flows of Judson Center, Inc., Judson Center Foundation, Judson Center Staffing Solutions, Inc., and Child Safe Michigan (collectively, the "Organization"). All significant interrelated transactions have been eliminated in consolidation.

Basis of Presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Organization follows to ensure they consistently report their financial condition, results of operations and cash flows. References to GAAP issued by the FASB in the following footnotes are the *FASB Accounting Standards Codification* (ASC).

Financial statement presentation follows the recommendations of the ASC topic - Presentation of Financial Statements for Not-for-Profit Entities. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. No permanently restricted assets were held by the Organization and accordingly, these consolidated financial statements do not reflect any activities related to this class of net assets.

Use of Estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, marketable securities and accounts receivable. The Organization places its cash, cash equivalents and marketable securities with high credit qualified financial institutions. At times the Organization has balances on deposit with certain institutions that may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk for cash. Marketable securities, other than cash deposits, are at risk equal to their market value.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk (Continued)

With respect to accounts receivable, the Organization attempts to minimize credit risk by reviewing and monitoring credit exposure on a continuing basis. Any unanticipated change in credit worthiness or other matters affecting the collectability of accounts receivable could have a material effect on the Consolidated Statements of Activities and the Consolidated Statements of Financial Position in the period in which such events occur.

Accounts Receivable, Allowance for Doubtful Accounts and Contractual Adjustments

The Organization receives funding, through contracts, from various governmental agencies and organizations and from private payors and third party insurance carriers. The Organization carries its accounts receivables, at the invoice amount less an allowance for doubtful accounts and contractual adjustments. As of September 30, 2015 and 2014, the allowance for doubtful accounts was $546,909 and $125,099, respectively. As of September 30, 2015 and 2014, the allowance for contractual adjustments was $241,345 and $109,185, respectively.

Pledges Receivable

The Organization's pledges receivable are comprised of unconditional promises to give that are recognized as contributions when the promise is received. The receivables are recorded at the amount pledged by the donor without a discount for the present value of estimated future cash flows. The impact of the lack of discounting is immaterial to the consolidated financial statements as a whole. Pledges receivable are included in accounts receivable on the Consolidated Statements of Financial Position.

Marketable Securities

The Organization records its investments in marketable securities in accordance with ASC topic - Not-for-Profit Entities Investments. Accordingly, investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair market value. Any related gains or losses, realized and unrealized, are reported in the Consolidated Statements of Activities.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Fixed Assets, Depreciation and Amortization

Fixed assets are stated at cost. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Depreciation and amortization expense is computed over the estimated useful lives of the assets (ranging from 3 to 40 years) using the straight-line method. Upon sale or retirement of property and equipment, the cost and related accumulated depreciation or amortization is eliminated from the respective accounts and the resulting gain or loss is included in Consolidated Statements of Activities. For trade-ins, any gain becomes an adjustment to the new asset basis and any loss is included in the Consolidated Statements of Activities.

Deferred Revenue

Revenues received for special events occurring after year end are deferred until the date of the event. Deferred revenues as of September 30, 2015 and 2014 were $147,000 and $106,850, respectively.

Classification of Net Assets

Net assets of the Organization are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or completion of purpose can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Revenue and Support

Program fees and other

Program service fees represent the estimated net realizable amounts from clients, third-party payers, and other for services rendered.

Fees from Government Agencies

Revenue from government contracts under expense reimbursement programs is recognized in the period during which the related expenses are incurred. In cases where expenses are incurred in advance of receiving the funds, revenue and contract receivable are recorded in the period during which the expenses are incurred.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Revenue and Support (Continued)

Retroactive determination of allowable costs by resource providers may result in final settlements different from interim payments for reimbursable services submitted by the Organization. Revenue is reported at the estimated net realizable amounts from resource providers for services rendered, including estimated retroactive adjustments under reimbursement agreements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Contributions

The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities as net assets released from restrictions. However, donor restricted contributions whose restrictions are met in the same reporting period are reported by the Organization as unrestricted support in these consolidated financial statements.

Donated Goods and Services

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fund raising campaigns. Donated services were not recognized in the consolidated financial statements since they did not meet the criteria for recognition under ASC topic - Contributions. For the years ended September 30, 2015 and 2014, the Organization recorded in-kind donations of $286,073 and $349,260, respectively, which did meet the criteria for recognition, in the Consolidated Statements of Activities as public contributions.

Income Taxes

The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

At September 30, 2015 and 2014, there were no uncertain tax positions that required accrual.

The Organization believes that it has been operating within its tax exempt status and has no unrelated business income. Further, it is not currently under examination by the Internal Revenue Service or state authorities, however, fiscal year 2012 and later remain subject to examination.

Interest Expense

Interest expense for the years ended September 30, 2015 and 2014 was $891 and $889 respectively.

Financial Allocation

The costs of providing program and supporting services have been reported on a functional basis in the Consolidated Statements of Activities. Indirect costs have been allocated between the various programs and supporting services based on estimates by management.

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset classes. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2014, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2014 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged related to these reclassifications.

Subsequent Events

The Organization has performed a review of events subsequent to the Consolidated Statements of Financial Position through [REPORT DATE], the date the financials were available to be issued.

NOTE 3 – CASH AND CASH EQUIVALENTS

For purposes of the Consolidated Statements of Cash Flows, the Organization considers all money market funds to be used for current operations and certificates of deposits purchased with a maturity of three months or less to be cash equivalents.

NOTE 4 – MARKETABLE SECURITIES

Marketable securities are classified as “Other Assets” in the accompanying Consolidated Statements of Financial Position since management does not intend to use these investments to finance current operations. Marketable securities consisted of the following:

	September 30, 2015	September 30, 2014
Money market funds	$ 116,824	$ 109,075
Bond funds	3,937,327	3,998,181
Equity funds	5,821,523	5,467,362
Alternative investment funds	723,770	2,226,138
	$ 10,599,444	$ 11,800,756

NOTE 5 – FAIR VALUE MEASUREMENTS

ASC topic - *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC topic *Fair Value Measurements* are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the abilities to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Money market funds: Valued at cost plus interest earnings through the year end.

Equity funds: Valued at the net asset value of shares held by the Organization at year end.

Bond funds, common stocks, and exchange traded funds: Valued at the closing price reported in the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value or certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value.

	September 30, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	$ -	$ 116,824	$ -	$ 116,824
Bond funds	3,937,327	-	-	3,937,327
Equity funds	5,821,523	-	-	5,821,523
Alternative investment funds	723,770	-	-	723,770
Total	$ 10,482,620	$ 116,824	$ -	$ 10,599,444

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

	September 30, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	$ -	$ 109,075	$ -	$ 109,075
Bond funds	3,998,181	-	-	3,998,181
Equity funds	5,467,362	-	-	5,467,362
Alternative investment funds	2,226,138	-	-	2,226,138
Total	$ 11,691,681	$ 109,075	$ -	$ 11,800,756

NOTE 6 – CAPITAL LEASE

Capital lease consists of the following:

	September 30,	
	2015	2014
The Organization leases equipment under a capital lease agreement through February 2017. The capital lease bears interest at 2.075% and is payable in monthly installments of $919 which includes interest.	$ 15,390	$ 25,110
Less: current portion	10,817	9,720
	$ 4,573	$ 15,390

Following is the maturity of the capital lease for each of the next two years:

Years ending September 30,	Amount
2016	$ 10,817
2017	4,573
	$ 15,390

NOTE 6 – CAPITAL LEASE (Continued)

The assets and liabilities under the capital lease are recorded at the lower of present value of the minimum lease payments for the fair value of the assets. The assets are depreciated over the lower of its related lease terms or its estimated productive lives.

Assets acquired under capital lease have the following book value:

	September 30, 2015	September 30, 2014
Phone system	$ 48,722	$ 48,722
Less: accumulated depreciation	34,917	25,173
	$ 13,805	$ 23,549

Depreciation on assets under capital lease charged to expense was $9,745 for the years ended September 30, 2015 and 2014. Interest expense on the capital lease charged to expense was $881 and $899 for the years ended September 30, 2015 and 2014, respectively.

NOTE 7 – PENSION PLAN

The Organization sponsors a single-employer defined benefit retirement plan, Judson Center Defined Benefit Plan (the "Plan"). The Plan's benefits are frozen with no further benefits accruing to existing participants.

The net periodic pension cost was as follows:

	Years ended September 30, 2015	Years ended September 30, 2014
Service cost*	$ -	$ -
Interest cost	318,740	373,795
Expected return on plan assets	(366,149)	(365,479)
Amortization of actuarial loss	219,156	216,790
Net periodic pension cost	$ 171,747	$ 225,106

*Plan is frozen

NOTE 7 – PENSION PLAN (Continued)

The following table presents the Plan's funded status:

	September 30, 2015	September 30, 2014
Change in projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 7,876,459	$ 8,194,879
Service cost	-	-
Interest cost	318,740	373,795
Actuarial loss (gain)	1,069,728	(22,459)
Benefits paid	(1,074,254)	(669,756)
Projected benefit obligation, end of year	$ 8,190,673	$ 7,876,459

	September 30, 2015	September 30, 2014
Change in plan assets:		
Fair value of plan assets, beginning of year	$ 6,097,782	$ 5,865,292
Actual (loss) return on plan assets	(92,425)	463,606
Contributions	438,640	438,640
Benefits paid	(1,074,254)	(669,756)
Plan assets at fair value	$ 5,369,743	$ 6,097,782
Funded status, end of year		
Projected benefit obligation in excess of plan assets	$ 2,820,930	$ 1,778,677

The amount of net actuarial loss that arose previously, and is expected to be recognized as a component of net periodic benefit cost over the next fiscal year is $219,156. The accumulated unrecognized actuarial loss at September 30, 2015 and 2014 was $4,535,972 and $3,226,826, respectively.

NOTE 7 – PENSION PLAN (Continued)

The funded status of the Plan, which measures the projected benefit obligation in excess of Plan assets, at the end of each of the past fiscal years was as follows:

September 30,	Amount
2013	$ 2,329,587
2014	$ 1,778,677
2015	$ 2,820,930

Expected future annual benefit payments to retirees are as follows:

Years ending September 30,	Amount
2016	$ 307,058
2017	$ 325,802
2018	$ 335,749
2019	$ 350,048
2020	$ 361,459
2021 - 2026	$ 1,899,354

The assumptions used to determine net periodic benefit cost for the Plan were as follows:

	September 30,	
	2015	2014
Discount rate	4.40%	4.80%
Expected rate of long-term return on plan assets	6.50%	6.50%
Rate of compensation increase	N/A	N/A

The expected long-term rate of return of Plan assets is determined by reflecting expectations regarding future rates of return at prevailing rates, as published.

The assumptions used to determine the above benefit obligations and fair value of Plan assets include:

	September 30,	
	2015	2014
Discount rate	4.40%	4.40%
Rate of compensation increase	N/A	N/A

NOTE 7 – PENSION PLAN (Continued)

Plan Assets

The allocations of Plan assets were as follows:

	September 30,	
	2015	2014
Equity securities	58.3%	58.0%
Debt securities	38.8%	38.7%
Other	2.9%	3.3%
	100.0%	100.0%

Contributions

The Organization expects to contribute to the Plan $440,000 during the year ended September 30, 2016.

NOTE 8 – POSTRETIREMENT PLANS

The Organization has a Retiree Health Stipend Plan covering all employees having attained age 21 and 1,000 annual work hours. The benefits are payable upon the attainment of age 65. The Plan is not funded, accordingly, there are no employer or participant contributions made to the Plan. Benefits under the Plan are paid as incurred.

The benefit obligation and net benefit costs were determined using an assumed weighted average discount rate of 4.4% and 4.4% for 2015 and 2014.

The following relates to postretirement benefits provided by the Organization:

	As of and for the year ended September 30,	
	2015	2014
Accumulated postretirement benefit obligation	$ 199,468	$ 568,430
Net periodic postretirement cost	$ 56,465	$ 58,123
Benefits paid	$ 16,560	$ 16,260

NOTE 8 – POSTRETIREMENT PLANS (Continued)

Healthcare costs trends have no effect on the Organization's liability and thus sensitivity analysis of those trends is not applicable.

The net periodic cost related to this plan was as follows:

	Years ended September 30,	
	2015	2014
Service cost	$ 22,580	$ 22,282
Interest cost	24,721	26,169
Amortization of prior service costs	15,778	15,778
Amortization of actuarial loss	(6,614)	(6,106)
Net periodic cost	$ 56,465	$ 58,123

In December 2015, subsequent to year end, the Organization terminated the Retiree Health Stipend Plan. The accumulated postretirement benefit obligation at September 30, 2015 is the amount that was paid to covered employees when the plan was terminated.

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted activities of the Organization consist of contributions received and endowment earnings that are restricted as to use or time as specified by the donor. The restrictions expire when the purpose or time of the restrictions have been accomplished.

	September 30, 2015	September 30, 2014
Purpose restrictions:		
Heart and Ingenuity	$ 209,921	$ 200,115
Lahser Respite	118,908	-
Autism Center	62,740	82,904
Certified peer specialist	32,413	-
Michigan Adoption Resource Exchange	15,000	-
Other purpose restrictions	10,698	-
Macomb County Regional Office Programming	-	4,795
Time restrictions:		
Pledges receivable	10,000	35,900
Other time restrictions	5,815	5,815
	$ 465,495	$ 329,529

NOTE 10 – DEFINED CONTRIBUTION PLAN

The Organization established the Judson Center Employees' 401(k) Retirement Plan, a defined contribution plan. Employees are eligible to participate with respect to salary reduction contributions subsequent to the completion of three months of service and attainment of the age of 18.

With respect to the receipt of matching contributions and discretionary profit sharing contributions, participants must complete one year of service. The Organization matches 150% of salary reduction amounts up to the first 2% of compensation, plus 100% of salary reduction amounts up to the next 1% of compensation. The Organization's contributions vest over five years of service. The Organization contributed approximately $159,000 and $184,000 to the plan during the years ended September 30, 2015 and 2014, respectively.

NOTE 11 – OPERATING LEASES

The Organization leases meeting space and residential homes with monthly payments totaling $14,611 expiring through March 2019. The Organization also leases other facilities and equipment on a month-to-month basis. Lease expense for the years ended September 30, 2015 and 2014 was approximately $330,000 and $360,000, respectively.

Subsequent to year end, the Organization entered into a lease for its Macomb Regional office. The lease has increasing monthly payments that begin at $9,485 per month. The lease expires November 2022. This lease is included in the schedule of lease payments below.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2015 are as follows:

Years ending September 30,	Amount
2016	$ 288,258
2017	221,278
2018	229,123
2019	181,347
2020	132,000
Subsequent to 2020	301,963
	$ 1,353,969

NOTE 12 – COMMUNITY FOUNDATION ENDOWMENT

The Organization has an agreement with the Community Foundation for Southeast Michigan (“Foundation”), whereby endowment funds are contributed by donors directly to the Foundation who owns, holds, invests and administers the funds.

In accordance with ASC topic Not-for-Profits Investments, the endowment investments are not reflected in the Organization’s financial statements. During the year ended September 30, 2015 and 2014, $99,449 and $98,846, respectively, has been contributed to Judson. The market value of the endowment fund was $1,933,945 and $2,151,258 at September 30, 2015 and 2014, respectively.

NOTE 13 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest for the years ended September 30, 2015 and 2014 was $891 and $889, respectively.

NOTE 14 – RELATED PARTY TRANSACTIONS

During the years ended September 30, 2015 and 2014, the Organization paid or accrued $184,878 and $130,399, respectively for services from companies that are owned by or employ Board members. As of September 30, 2015 and 2014 $412 and $4,438, respectively, was still owed to the companies. The Organization's conflict of interest policies were complied with in all related party transactions.

NOTE 15 – CONTINGENT LIABILITY

During the year ended September 30, 2014, the Organization received a letter from the Pension Benefit Guaranty Corporation (PBGC) regarding the United Way for Southeastern Michigan Plan (United Way Plan) that the Organization elected to disaffiliate from effective January 1, 2006. The United Way Plan filed for distressed termination and it was granted that status effective March 1, 2010. Based on the letter received, the PBGC noted that under section 4062(b) of ERISA, the Organization's portion of the unfunded liability was $490,413 and the PBGC requested information to establish a payment plan or compromise amount.

The Organization disagrees with their portion of the unfunded liability noted in the letter, and have sent a response letter to the PBGC. As of the date of this report, no response to this letter had been received from the PBGC and no liability had been reflected in the consolidated financial statements as of September 30, 2015 and 2014.

NOTE 16 – ACQUISITION

During the year ended September 30, 2015, Judson acquired, for no consideration, certain assets of Child Safe Michigan. Details of the assets acquired are as follows:

- All foster care and adoptions cases
- Personal property in connection with acquired foster care and adoption cases
- All fundraising materials
- The right to the name "Child Safe Michigan"
- Originals or copies of all financial records related to acquired assets

NOTE 17 – DISCONTINUED OPERATIONS

During the fiscal year 2015 the Organization determined that it was financially prohibitive to continue to offer Group Home services. Thus, in 2015 the Organization discontinued these services and closed or were in the process of closing all the locations to enable the Organization to concentrate on all other services offered by the Organization.

NOTE 17 – DISCONTINUED OPERATIONS (Continued)

The Organization discontinued providing services and sold all but one of the Group Home locations during the year ended September 30, 2015. As of September 30, 2015, one home was still owned by the Organization, but was being operated by another entity, and one home was being operated by the Organization while the new provider was obtaining licensing to take over management of the home. This gain on the sale of the homes, including the estimated gain on the unsold home, along with the results of operation for these services amount to a net gain of $512,715 and $17,127 and is presented as a gain on discontinued operations on the Statement of Activities for the years ended September 30, 2015 and 2014.

Components of discontinued operations as reported on the Statement of Financial Position are as follows:

	September 30, 2015	September 30, 2014
Assets:		
Accounts receivable, net	$ 254,416	$ 112,569
Fixed assets, net	-	229,509
Total assets	$ 254,416	$ 342,078
Liabilities:		
Accounts payable	$ 96,322	$ 6,319
Accrued expenses	39,820	86,913
Total liabilities	$ 136,142	$ 93,232

Components of discontinued operations as reported on the Statement of Activities are as follows:

	Years ended September 30, 2015	Years ended September 30, 2014
Revenues and support:		
Service fees and grants	$ 1,208,231	$ 1,570,421
Restricted public contributions	-	350
Gain on sale of fixed assets	755,256	-
Miscellaneous	-	(94)
Total Revenues and support	1,963,487	1,570,677
Expenses:		
Program Services	1,450,772	1,553,550
Gain on discontinued operations	$ 512,715	$ 17,127

NOTE 18 – LITIGATION

Various claims and lawsuits incidental to the ordinary course of business are pending against the Organization. In the opinion of management, after consultation with legal counsel, resolution of these matters is not expected to have a material effect on the Organization’s consolidated financial statements.

NOTE 19 – PRIOR PERIOD ADJUSTMENT

The beginning net assets as of October 1, 2013 have been restated as a result of prior period adjustments. The effect of the adjustments was to reduce unrestricted net assets by $161,615 and increase temporarily restricted net assets by $161,615. The adjustments had no effect on total net assets.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Trustees of
Judson Center, Inc. and Subsidiaries

We have audited the consolidated financial statements of Judson Center, Inc. and Subsidiaries as of and for the years ended September 30, 2015 and 2014, and have issued our report thereon dated January 25, 2016, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, statement of activities, program expenses, management and general expenses, and development expenses are presented for the purposes of additional analysis and are 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.

UHY LLP

Farmington Hills, Michigan
January 25, 2016

JUDSON CENTER, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2015

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 784,439	$ -	$ -	$ 193,432	$ -	$ 977,871
Accounts receivable, net	2,069,074	100	33,264	307,816	(33,264)	2,376,990
Grant receivable	1,133,537	-	-	-	(1,133,537)	-
Prepaid expenses and other	155,495	-	-	-	-	155,495
Total current assets	4,142,545	100	33,264	501,248	(1,166,801)	3,510,356
FIXED ASSETS						
Land	237,054	-	-	-	-	237,054
Buildings and building improvements	6,126,382	-	-	-	-	6,126,382
Furniture and fixtures	1,188,993	-	-	-	-	1,188,993
Computer equipment and software	810,983	-	-	-	-	810,983
Transportation equipment	759,896	-	-	-	-	759,896
Construction in process	95,587	-	-	-	-	95,587
	9,218,895	-	-	-	-	9,218,895
Less accumulated depreciation and amortization	5,723,316	-	-	-	-	5,723,316
Net fixed assets	3,495,579	-	-	-	-	3,495,579
OTHER ASSETS						
Marketable securities	10	10,599,434	-	-	-	10,599,444
Investment in subsidiary	9,896,893	-	-	-	(9,896,893)	-
Cash surrender value of life insurance	64,095	118,472	-	-	-	182,567
Total other assets	9,960,998	10,717,906	-	-	(9,896,893)	10,782,011
ASSETS INCLUDED AS PART OF DISCONTINUED OPERATIONS	254,416	-	-	-	-	254,416
Total assets	$ 17,853,538	$ 10,718,006	$ 33,264	$ 501,248	$ (11,063,694)	$ 18,042,362

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	$ 327,138	$ -	$ -	$ -	$ -	$ 327,138
Grant payable	-	821,114	-	345,687	(1,166,801)	-
Accrued expenses	376,606	-	33,264	56,948	-	466,818
Deferred revenue	147,000	-	-	-	-	147,000
Capital lease, current portion	10,817	-	-	-	-	10,817
Total current liabilities	861,561	821,114	33,264	402,635	(1,166,801)	951,773
CAPITAL LEASE, net of current portion	4,573	-	-	-	-	4,573
PENSION LIABILITY	2,820,930	-	-	-	-	2,820,930
ACCRUED POSTRETIREMENT COSTS	199,468	-	-	-	-	199,468
LIABILITIES INCLUDED AS PART OF DISCONTINUED OPERATIONS	136,142	-	-	-	-	136,142
Total liabilities	4,022,674	821,114	33,264	402,635	(1,166,801)	4,112,886
NET ASSETS						
Unrestricted	13,582,083	9,686,971	-	91,820	(9,896,893)	13,463,981
Temporarily restricted	248,781	209,921	-	6,793	-	465,495
Total net assets	13,830,864	9,896,892	-	98,613	(9,896,893)	13,929,476
Total liabilities and net assets	$ 17,853,538	$ 10,718,006	$ 33,264	$ 501,248	$ (11,063,694)	$ 18,042,362

JUDSON CENTER, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2014 - Restated

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Eliminations	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 819,725	$ -	$ -	$ -	$ 819,725
Accounts receivable, net	2,246,478	-	32,011	(32,011)	2,246,478
Grant receivable	1,174,309	-	-	(1,174,309)	-
Prepaid expenses and other	108,320	-	-	-	108,320
Total current assets	4,348,832	-	32,011	(1,206,320)	3,174,523
FIXED ASSETS					
Land	237,054	-	-	-	237,054
Buildings and building improvements	5,907,843	-	-	-	5,907,843
Furniture and fixtures	1,267,813	-	-	-	1,267,813
Computer equipment and software	891,230	-	-	-	891,230
Transportation equipment	759,896	-	-	-	759,896
	9,063,836	-	-	-	9,063,836
Less accumulated depreciation and amortization	5,502,054	-	-	-	5,502,054
Net fixed assets	3,561,782	-	-	-	3,561,782
OTHER ASSETS					
Marketable securities	11,955	11,788,801	-	-	11,800,756
Investment in subsidiary	10,726,738	-	-	(10,726,738)	-
Cash surrender value of life insurance	68,452	112,246	-	-	180,698
Total other assets	10,807,145	11,901,047	-	(10,726,738)	11,981,454
ASSETS INCLUDED AS PART OF DISCONTINUED OPERATIONS	342,078	-	-	-	342,078
Total assets	$ 19,059,837	$ 11,901,047	$ 32,011	$ (11,933,058)	$ 19,059,837

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Eliminations	Total
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	$ 280,259	$ -	$ -	$ -	$ 280,259
Grant payable	-	1,174,309	-	(1,174,309)	-
Accrued expenses	810,609	-	32,011	(32,011)	810,609
Deferred revenue	106,850	-	-	-	106,850
Capital lease, current portion	9,720	-	-	-	9,720
Total current liabilities	1,207,438	1,174,309	32,011	(1,206,320)	1,207,438
CAPITAL LEASE, net of current portion	15,390	-	-	-	15,390
PENSION LIABILITY	1,778,677	-	-	-	1,778,677
ACCRUED POSTRETIREMENT COSTS	568,430	-	-	-	568,430
LIABILITIES INCLUDED AS PART OF DISCONTINUED OPERATIONS	93,232	-	-	-	93,232
Total liabilities	3,663,167	1,174,309	32,011	(1,206,320)	3,663,167
NET ASSETS					
Unrestricted	15,267,256	10,526,623	-	(10,726,738)	15,067,141
Temporarily restricted	129,414	200,115	-	-	329,529
Total net assets	15,396,670	10,726,738	-	(10,726,738)	15,396,670
Total liabilities and net assets	$ 19,059,837	$ 11,901,047	$ 32,011	$ (11,933,058)	$ 19,059,837

See independent auditor's report on supplementary information.

JUDSON CENTER, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended September 30, 2015

CHANGES IN UNRESTRICTED NET ASSETS	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total
Revenues and Support						
Services fees and grants	$ 11,358,882	$ -	$ -	$ 348,577	$ -	$ 11,707,459
Public contributions	1,984,939	100	-	585,360	(500,000)	2,070,399
Interest and dividends	1,158	378,099	-	-	-	379,257
Realized and unrealized gain (loss) on marketable securities	741	(662,102)	-	-	-	(661,361)
Unrealized (loss) on cash surrender value of life insurance	(4,358)	-	-	-	-	(4,358)
Loss on sale of fixed assets	(19,400)	-	-	-	-	(19,400)
Rental income	75,651	-	-	-	-	75,651
Net assets released from restrictions	320,804	-	-	81,207	-	402,011
Miscellaneous	468,583	-	460,990	67,999	(536,991)	460,581
Total revenues and support	14,187,000	(283,903)	460,990	1,083,143	(1,036,991)	14,410,239
EXPENSES						
Program Services	11,379,793	500,000	460,990	943,910	(960,990)	12,323,703
Supporting Services						
Management and general	2,459,223	55,749	-	-	(76,000)	2,438,972
Development	814,787	-	-	47,413	-	862,200
Total expenses	14,653,803	555,749	460,990	991,323	(1,036,990)	15,624,875
Change in unrestricted net assets before other changes in net assets	(466,803)	(839,652)	-	91,820	(1)	(1,214,636)
OTHER CHANGES IN NET ASSETS						
Change in pension and postretirement liabilities	(901,239)	-	-	-	-	(901,239)
Change in investment in subsidiary	(829,846)	-	-	-	829,846	-
Gain on discontinued operations	512,715	-	-	-	-	512,715
Total other changes in net assets	(1,218,370)	-	-	-	829,846	(388,524)
CHANGE IN UNRESTRICTED NET ASSETS	(1,685,173)	(839,652)	-	91,820	829,845	(1,603,160)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS						
Restricted public contributions	358,964	1,000	-	88,000	-	447,964
Interest and dividends	-	2,580	-	-	-	2,580
Unrealized gain on cash surrender value of life insurance	-	6,226	-	-	-	6,226
Net assets released from restrictions	(239,597)	-	-	(81,207)	-	(320,804)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	119,367	9,806	-	6,793	-	135,966
CHANGE IN NET ASSETS	(1,565,806)	(829,846)	-	98,613	829,845	(1,467,194)
NET ASSETS, beginning of year	15,396,670	10,726,738	-	-	(10,726,738)	15,396,670
NET ASSETS, end of year	$ 13,830,864	$ 9,896,892	$ -	$ 98,613	$ (9,896,893)	$ 13,929,476

JUDSON CENTER, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended September 30, 2014 - Restated

CHANGES IN UNRESTRICTED NET ASSETS	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Eliminations	Total
Revenues and Support					
Service fees and grants	$ 12,441,950	$ -	$ -	$ -	$ 12,441,950
Public contributions	2,044,730	-	-	(454,773)	1,589,957
Interest and dividends	2,138	341,276	-	-	343,414
Realized and unrealized gain on marketable securities	281	290,758	-	-	291,039
Unrealized (loss) gain on cash surrender value of life insurance	(1,463)	11,253	-	-	9,790
Gain on sale of fixed assets	119,404	-	-	-	119,404
Rental income	107,015	-	-	-	107,015
Net assets released from restrictions	272,217	-	-	-	272,217
Miscellaneous	306,927	-	423,547	(435,547)	294,927
Total revenues and support	15,293,199	643,287	423,547	(890,320)	15,469,713
EXPENSES					
Program Services	12,988,405	454,773	423,547	(878,320)	12,988,405
Supporting Services				-	
Management and general	2,389,547	54,264	-	(12,000)	2,431,811
Development	905,490	-	-	-	905,490
Total expenses	16,283,442	509,037	423,547	(890,320)	16,325,706
Change in unrestricted net assets before other changes in net assets	(990,243)	134,250	-	-	(855,993)
OTHER CHANGES IN NET ASSETS					
Change in pension and postretirement liabilities	363,558	-	-	-	363,558
Change in investment in subsidiary	134,250			(134,250)	-
Gain on discontinued operations	17,127	-	-	-	17,127
Total other changes in net assets	514,935	-	-	(134,250)	380,685
CHANGE IN UNRESTRICTED NET ASSETS	(475,308)	134,250	-	(134,250)	(475,308)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Restricted public contributions	319,995	-	-	-	319,995
Net assets released from restrictions	(272,217)	-	-	-	(272,217)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	47,778	-	-	-	47,778
CHANGE IN NET ASSETS	(427,530)	134,250	-	(134,250)	(427,530)
NET ASSETS, beginning of year before prior period adjustments	13,750,086	10,592,488	-	(8,518,374)	15,824,200
Prior period adjustment - change in investment in subsidiary	2,074,114	-	-	(2,074,114)	-
Prior period adjustment - temporarily restricted net assets	(38,500)	200,115	-	-	161,615
Prior period adjustment - unrestricted net assets	38,500	(200,115)	-	-	(161,615)
NET ASSETS, beginning of year after prior period adjustments	15,824,200	10,592,488	-	(10,592,488)	15,824,200
NET ASSETS, end of year	$ 15,396,670	$ 10,726,738	$ -	$ (10,726,738)	$ 15,396,670

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF PROGRAM EXPENSES

Year ended September 30, 2015 (with comparative totals for September 30, 2014)

	Family Preservation	Prevention	Foster Care & Adoption	Autism	Group Homes & Respite	Supported Employment
SALARIES AND RELATED EXPENSES						
Salaries	$ 980,368	$ 218,612	$ 1,407,707	$ 1,649,323	$ 400,215	$ 1,644,879
Payroll taxes	92,383	19,098	130,455	178,456	42,349	180,069
Benefits	125,545	29,981	236,858	135,742	32,017	133,344
Pension	39,199	9,394	58,203	53,906	6,319	31,861
Total Salaries and Related Expenses	1,237,495	277,085	1,833,223	2,017,427	480,900	1,990,153
OTHER FUNCTIONAL EXPENSES						
Professional fees and services	13,350	1,298	19,956	153,419	5,298	12,983
Supplies, food and equipment	24,867	9,225	101,056	73,653	25,287	10,791
Utilities	25,818	3,386	48,832	69,299	66,888	32,940
Home expenses	60,533	27,615	134,063	172,149	77,860	12,645
Vehicle expenses	111,814	173	83,921	11,338	21,870	149,290
Conferences, meetings and lunches	601	-	14,633	7,209	132	3,740
Subscriptions, training and recruitment	7,748	130	17,168	51,357	3,126	6,777
Medical expenses	-	-	612	2,474	55	-
Bad debts expense	5,358	-	8,240	-	-	9,212
Program specific expenses	56,284	-	63,466	13,090	159	175
Miscellaneous	71	-	(742)	395	3,537	165
Total Other Functional Expenses	306,444	41,827	491,205	554,383	204,212	238,718
DEPRECIATION AND AMORTIZATION	2,923	660	32,409	91,254	83,108	18,265
Total Program Expenses	$ 1,546,862	$ 319,572	$ 2,356,837	$ 2,663,064	$ 768,220	$ 2,247,136

Mental Health	Total	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total 2015	Total 2014
$ 912,184	$ 7,213,288	$ -	$ 416,575	$ 362,045	$ (416,575)	$ 7,575,333	$ 8,026,332
82,599	725,409	-	31,868	32,643	(31,868)	758,052	826,082
97,983	791,470	-	12,547	39,640	(12,547)	831,110	815,822
34,154	233,036	-	-	4,666	-	237,702	307,240
1,126,920	8,963,203	-	460,990	438,994	(460,990)	9,402,197	9,975,476
17,166	223,470	-	-	198,497	-	421,967	159,005
9,764	254,643	-	-	126,149	-	380,792	342,016
20,558	267,721	-	-	21,485	-	289,206	287,243
78,461	563,326	-	-	32,580	-	595,906	652,607
31,588	409,994	-	-	17,803	-	427,797	433,855
678	26,993	-	-	3,905	-	30,898	33,873
6,965	93,271	-	-	5,888	-	99,159	100,512
165,292	168,433	-	-	-	-	168,433	167,345
11,882	34,692	-	-	-	-	34,692	335,398
657	133,831	500,000	-	18,449	(500,000)	152,280	167,996
-	3,426	-	-	3,716	-	7,142	1,852
343,011	2,179,800	500,000	-	428,472	(500,000)	2,608,272	2,681,702
8,171	236,790	-	-	76,444	-	313,234	331,227
$ 1,478,102	$ 11,379,793	$ 500,000	$ 460,990	$ 943,910	$ (960,990)	$ 12,323,703	$ 12,988,405

See independent auditor's report on supplementary information.

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF MANAGEMENT AND GENERAL EXPENSES

Year ended September 30, 2015 (with comparative totals for September 30, 2014)

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total 2015	Total 2014
SALARIES AND RELATED EXPENSES							
Salaries	**$ 1,156,684**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,156,684**	$ 1,270,889
Payroll taxes	**93,783**	**-**	**-**	**-**	**-**	**93,783**	100,234
Benefits	**103,793**	**-**	**-**	**-**	**-**	**103,793**	105,039
Pension	**107,933**	**-**	**-**	**-**	**-**	**107,933**	107,365
Total Salaries and Related Expenses	**1,462,193**	**-**	**-**	**-**	**-**	**1,462,193**	1,583,527
OTHER FUNCTIONAL EXPENSES							
Professional fees and services	**523,437**	**55,749**	**-**	**-**	**(76,000)**	**503,186**	491,643
Supplies, food and equipment	**92,049**	**-**	**-**	**-**	**-**	**92,049**	49,336
Utilities	**30,901**	**-**	**-**	**-**	**-**	**30,901**	24,770
Home expenses	**50,877**	**-**	**-**	**-**	**-**	**50,877**	55,011
Vehicle expenses	**17,529**	**-**	**-**	**-**	**-**	**17,529**	19,964
Conferences, meetings and lunches	**19,522**	**-**	**-**	**-**	**-**	**19,522**	15,126
Subscriptions, training and recruitment	**106,371**	**-**		**-**	**-**	**106,371**	90,701
Bad debt (recoveries)	**35,533**	**-**	**-**	**-**	**-**	**35,533**	(2,503)
Miscellaneous	**29,640**	**-**	**-**	**-**	**-**	**29,640**	5,469
Total Other Functional Expenses	**905,859**	**55,749**	**-**	**-**	**(76,000)**	**885,608**	749,517
DEPRECIATION AND AMORTIZATION	**91,171**	**-**	**-**	**-**	**-**	**91,171**	98,767
Total Expenses	**$ 2,459,223**	**$ 55,749**	**$ -**	**$ -**	**$ (76,000)**	**$ 2,438,972**	$ 2,431,811

JUDSON CENTER, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF DEVELOPMENT EXPENSES
Year ended September 30, 2015 (with comparative totals for September 30, 2014)

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total 2015	Total 2014
SALARIES AND RELATED EXPENSES							
Salaries	$ 336,304	$ -	$ -	$ -	$ -	$ 336,304	$ 313,153
Payroll taxes	27,076	-	-	-	-	27,076	28,623
Benefits	15,231	-	-	-	-	15,231	14,021
Pension	16,421	-	-	-	-	16,421	18,458
Total Salaries and Related Expenses	395,032	-	-	-	-	395,032	374,255
OTHER FUNCTIONAL EXPENSES							
Professional fees and services	46,344	-	-	-	-	46,344	41,253
Supplies, food and equipment	160,717	-	-	-	-	160,717	71,696
Utilities	6,555	-	-	-	-	6,555	6,850
Home expenses	11,768	-	-	-	-	11,768	9,446
Vehicle expenses	770	-	-	-	-	770	726
Conferences, meetings and lunches	1,952	-	-	-	-	1,952	805
Subscriptions, training and recruitment	5,486	-	-	-	-	5,486	2,199
Bad debts expense	9,400	-	-	-	-	9,400	-
Program specific expenses	166,470	-	-	47,413	-	213,883	393,677
Miscellaneous	2,620	-	-	-	-	2,620	190
Total Other Functional Expenses	412,082	-	-	47,413	-	459,495	526,842
DEPRECIATION AND AMORTIZATION	7,673	-	-	-	-	7,673	4,393
Total Expenses	$ 814,787	$ -	$ -	$ 47,413	$ -	$ 862,200	$ 905,490