

# *Financial Statements*

Hubbard House, Inc.  
(A Not-For-Profit Corporation)

Years Ended June 30, 2017 and 2016



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INDEPENDENT AUDITORS' COMBINED REPORT ON THE  
BASIC FINANCIAL STATEMENTS AND SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS

Board of Directors  
Hubbard House, Inc.  
Jacksonville, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of Hubbard House, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Hubbard House, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***


### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented, 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*, for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 September 21, 2017, on our consideration of Hubbard House, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hubbard House, Inc.'s internal control over financial reporting and compliance.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Source and Expenditure of City Grant Funds on pages 22-25 are presented for purposes of additional analysis and are not a required part of the basic 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 financial statements. This information has been subjected to the auditing procedures applied in our audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures 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. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole, and the nature of the expenses relating to the City of Jacksonville grant proceeds are in compliance with Ordinance Section 118.

  
Certified Public Accountants  
Jacksonville, Florida

September 21, 2017

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**STATEMENTS OF FINANCIAL POSITION**

<b><u>ASSETS</u></b>	<b>June 30</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Cash and cash equivalents	\$ 1,172,076	\$ 1,034,562
Grants receivable	385,200	246,752
Promises to give	-	60,000
Prepaid expenses	23,297	10,650
Cash restricted for capital expenditures	4,855	5,004
Investments unrestricted	855,199	883,796
Assets restricted for Hubbard House Shelter Endowment Investments	691,236	644,682
Deposits	625	679
Property and equipment, net	5,993,943	6,121,301
Total Assets	<u>\$ 9,126,431</u>	<u>\$ 9,007,426</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Liabilities:</b>		
Accounts payable	\$ 15,066	\$ 33,928
Accrued expenses	160,400	147,593
Deferred revenue	24,243	4,971
Notes payable, building	467,770	505,868
Total Liabilities	<u>667,479</u>	<u>692,360</u>
 <b>Net Assets:</b>		
Unrestricted	7,408,584	7,348,887
Temporarily restricted	500,368	416,179
Permanently restricted	550,000	550,000
Total Net Assets	<u>8,458,952</u>	<u>8,315,066</u>
Total Liabilities and Net Assets	<u>\$ 9,126,431</u>	<u>\$ 9,007,426</u>

See notes to financial statements

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**STATEMENTS OF ACTIVITIES**

	<b>Years Ended June 30</b>	
	<b>2017</b>	<b>2016</b>
<b>Changes in Unrestricted Net Assets:</b>		
Unrestricted Support and Revenues:		
Government grants	\$ 1,859,542	\$ 1,701,217
Contributions - public	1,297,605	1,529,583
Contributions - United Way, allocated and designated	112,557	119,800
Contributions - in-kind	60,669	57,248
Gain (loss) on thrift store sales (see Note O)	10,572	(51,265)
Program services	268,180	190,051
Investment return	67,707	17,477
Loss on disposal of fixed assets	-	(75,103)
Miscellaneous	61,520	125,986
Total Unrestricted Support and Revenues	3,738,352	3,614,994
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	595,283	338,725
Total Unrestricted Support and Revenues and Net Assets Released from Restrictions	4,333,635	3,953,719
Functional Expenses:		
Program Services:		
Assistance to clients	3,157,512	3,390,500
Batterer's services	222,675	240,956
Supporting Services:		
Management and general	542,611	582,744
Fund raising	351,140	309,823
Total Functional Expenses	4,273,938	4,524,023
Change in Unrestricted Net Assets	59,697	(570,304)
<b>Changes in Temporarily Restricted Net Assets:</b>		
Contributions	578,179	402,000
Investment return	101,293	(6,219)
Net assets released from restrictions	(595,283)	(338,725)
Change in Temporarily Restricted Net Assets	84,189	57,056
Change in Net Assets	143,886	(513,248)
Net Assets, Beginning of Year	8,315,065	8,828,313
Net Assets, End of Year	\$ 8,458,951	\$ 8,315,065

See notes to financial statements

HUBBARD HOUSE, INC.  
(A NOT-FOR-PROFIT CORPORATION)

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2017

	Program Services		Supporting Services		
	Assistance to Clients	Batterer's Services	Management and General	Fund Raising	Total
Personnel	\$ 2,206,473	\$ 171,934	\$ 408,049	\$ 222,480	\$ 3,008,936
Contract services	19,388	6,778	19,040	357	45,563
Supplies	31,043	2,526	6,997	2,452	43,018
Telephone	41,710	1,513	2,674	1,482	47,379
Postage	3,721	182	2,562	9,413	15,878
Occupancy	180,916	12,015	15,527	6,447	214,905
Equipment, maintenance and rental	151,511	2,943	17,828	35,599	207,881
Printing	14,088	1,541	160	27,053	42,842
Transportation	36,429	956	5,995	454	43,834
Conventions and meetings	18,540	132	1,799	19,201	39,672
Assistance to individuals	237,813	-	-	-	237,813
Dues and subscriptions	6,734	-	17,117	-	23,851
Bank fees	7,929	-	3,651	6,794	18,374
Insurance	44,857	54	270	32	45,213
Other expenses	17,675	765	6,804	173	25,417
	3,018,827	201,339	508,473	331,937	4,060,576
Depreciation expense	138,685	21,336	34,138	19,203	213,362
Total Functional Expenses	\$ 3,157,512	\$ 222,675	\$ 542,611	\$ 351,140	\$ 4,273,938

See notes to financial statements

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2016**

	Program Services		Supporting Services		
	Assistance to Clients	Batterer's Services	Management and General	Fund Raising	Total
Personnel	\$ 2,318,831	\$ 172,498	\$ 443,771	\$ 199,472	\$ 3,134,572
Contract services	15,904	25,629	24,018	-	65,551
Supplies	29,284	2,100	7,982	3,412	42,778
Telephone	43,154	1,614	2,819	1,374	48,961
Postage	4,002	241	1,627	8,494	14,364
Occupancy	253,392	11,185	21,214	10,353	296,144
Equipment, maintenance and rental	76,051	2,837	19,034	14,551	112,473
Printing	3,249	380	432	25,717	29,778
Transportation	19,340	2,453	5,970	263	28,026
Conventions and meetings	24,752	281	2,656	21,499	49,188
Assistance to individuals	383,820	-	-	-	383,820
Dues and subscriptions	5,170	-	14,306	300	19,776
Bank fees	8,152	-	3,949	4,802	16,903
Insurance	48,815	51	47	22	48,935
Other expenses	19,898	658	1,273	638	22,467
	3,253,814	219,927	549,098	290,897	4,313,736
Depreciation expense	136,686	21,029	33,646	18,926	210,287
Total Functional Expenses	\$ 3,390,500	\$ 240,956	\$ 582,744	\$ 309,823	\$ 4,524,023

See notes to financial statements



**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**STATEMENTS OF CASH FLOWS**

	<b>Years Ended June 30</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 143,886	\$ (513,248)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	213,362	210,287
Net realized and unrealized loss (gain) on investments	(128,572)	30,239
Loss on the disposal of property and equipment	-	75,102
Changes in assets and liabilities:		
Cash restricted	149	149
Grants receivable	(138,448)	(37,360)
Promises to give	60,000	-
Prepaid expenses and deposits	(12,593)	(9,191)
Accounts payable	(18,860)	(101,284)
Accrued expenses	12,807	30,468
Net Cash Provided (Used) by Operating Activities	<u>131,731</u>	<u>(314,838)</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sales of assets unrestricted	520,925	514,323
Purchase of assets unrestricted	(403,823)	(466,756)
Proceeds from sales of assets restricted to endowment	324,261	385,487
Purchase of assets restricted to endowment	(311,478)	(338,647)
Purchase of property and equipment	<u>(86,005)</u>	<u>(26,307)</u>
Net Cash Provided by Investing Activities	<u>43,880</u>	<u>68,100</u>
<b>Cash Flows from Financing Activities:</b>		
Repayment of bank loan	<u>(38,097)</u>	<u>(36,626)</u>
Net Cash Used by Financing Activities	<u>(38,097)</u>	<u>(36,626)</u>
Net Change in Cash and Cash Equivalents	137,514	(283,364)
Cash and Cash Equivalents, Beginning of Year	<u>1,034,562</u>	<u>1,317,925</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,172,076</u></u>	<u><u>\$ 1,034,562</u></u>
<b>Supplemental Information:</b>		
Cash paid during the year for interest	<u><u>\$ 19,718</u></u>	<u><u>\$ 21,190</u></u>

See notes to financial statements

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**

**A. Nature of Activities:**

Founded in Jacksonville, Florida in 1976, Hubbard House, Inc. operates the first emergency shelter for victims of domestic violence established in the Southeast. A path-breaking initiative by a group of volunteers who recognized a critical need led to the creation of this agency, resulting in the opening of the 13th domestic violence center in the nation. The Hubbard House mission is safety, empowerment and social change for victims of domestic violence and their families. To that end, Hubbard House offers a full compendium of services for victims and perpetrators of domestic violence. Incorporating both intervention and prevention, program offerings cover an array of needs presented by families caught in the web of domestic abuse. Through innovative approaches addressing numerous aspects of the domestic abuse problem, Hubbard House has remained on the forefront in the effort to break the cycle of domestic violence in Northeast Florida.

**B. Summary of Significant Accounting Policies:**

Basis of Accounting:

The financial statements of Hubbard House, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's Accounting Standard Codification for Financial Statements of Not-for-Profit Organizations (ASC 958). Under ASC 958, 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.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Expense Allocation:

The costs of providing program, management and fund raising activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**  
**(continued)**

**B. Summary of Significant Accounting Policies (continued):**

Inventories:

Inventories of donated clothing and articles to be sold by the thrift store are not included in the financial statements (See Note O).

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Grants Receivable:

Grants receivable consist primarily of amounts due from various agencies per cost-reimbursement contracts. Management uses the direct write-off method for any uncollectible amounts as such there is no allowance for doubtful accounts.

Promises to Give:

Unconditional promises to give are recognized as revenues or gains in the period the promise is received.

Property and Equipment:

Property, improvements, equipment and donated assets are capitalized if their fair value is greater than or equal to \$1,000. Assets that are repaired where the costs are greater than or equal to \$1,000 and the assets' life is extended are also capitalized; otherwise they are expensed. Depreciation is computed using primarily the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	5-39
Equipment and furnishings	5-10
Vehicles	5

Advertising:

Advertising costs, which are principally included in store sales net of direct expenses, are expensed as incurred. Advertising expense for 2017 and 2016 was \$6,509 and \$7,899, respectively.

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**  
**(continued)**

**B. Summary of Significant Accounting Policies (continued):**

Restricted and Unrestricted Revenue and Support:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**C. Investments:**

The Organization has investments consisting of the following:

<u>June 30, 2017</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain/(Loss)</u>
Money Market Funds	\$ 49,642	\$ 49,642	\$ -
Government Securities	364,890	363,180	(1,710)
Corporate Bonds	87,988	88,100	112
Equity Securities	877,038	1,045,512	168,474
	<u>\$1,379,558</u>	<u>\$ 1,546,434</u>	<u>\$ 166,876</u>
 <u>June 30, 2016</u>			
Money Market Funds	\$ 50,497	\$ 50,497	\$ -
Government Securities	374,448	379,551	5,103
Corporate Bonds	80,835	86,347	5,412
Equity Securities	939,256	1,012,083	72,827
	<u>\$ 1,445,136</u>	<u>\$ 1,528,478</u>	<u>\$ 83,342</u>

Unrealized investment gains/losses are reported in the statement of activities.

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**  
**(continued)**

**C. Investments (continued):**

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2017.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 47,381	\$ 10,666	\$ 58,047
Net realized and unrealized gains	33,662	94,910	128,572
Brokerage fees	(13,336)	(4,283)	(17,619)
Total Investment Return	<u>\$ 67,707</u>	<u>\$ 101,293</u>	<u>\$ 169,000</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2016.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 44,939	\$ 14,371	\$ 59,310
Net realized and unrealized gains (losses)	(17,258)	(12,982)	(30,240)
Brokerage fees	(10,204)	(7,608)	(17,812)
Total Investment Return	<u>\$ 17,477</u>	<u>\$ (6,219)</u>	<u>\$ 11,258</u>

**D. Fair Value Measurements:**

The Financial Accounting Standards Board's Accounting Standards Codification on *Fair Value Measurements* (ASC 820), 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 market prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The hierarchy is measured in three levels based on the reliability of the inputs:

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**  
**(continued)**

**D. Fair Value Measurements (continued):**

- Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets that the Organization has the ability to access at the measurement date.
- Level 2 Valuations based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Observable inputs include quoted prices for similar assets in active or non-active markets.
- Level 3 Valuations derived through the use of valuation models or methodologies using significant unobservable inputs. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and as a result significant professional judgment may be used in determining the fair values.

The following are the major categories of assets measured at fair value on a recurring basis during the years ended:

<u><b>June 30, 2017</b></u>	<b>Fair Value Hierarchy Level</b>			
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Money Market Funds	\$ 49,642	\$ 49,642	\$ -	\$ -
Government Securities	363,180	363,180	-	-
Corporate Bonds	88,100	88,100	-	-
Equity Securities	1,045,512	1,045,512	-	-
Total	<u>\$ 1,546,434</u>	<u>\$ 1,546,434</u>	<u>\$ -</u>	<u>\$ -</u>

<u><b>June 30, 2016</b></u>	<b>Fair Value Hierarchy Level</b>			
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Money Market Funds	\$ 50,497	\$ 50,497	\$ -	\$ -
Government Securities	379,551	379,551	-	-
Corporate Bonds	86,347	86,347	-	-
Equity Securities	1,012,083	1,012,083	-	-
Total	<u>\$ 1,528,478</u>	<u>\$ 1,528,478</u>	<u>\$ -</u>	<u>\$ -</u>

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**  
**(continued)**

**E. Property and Equipment:**

	<b>June 30</b>	
	<b>2017</b>	<b>2016</b>
Property and equipment consist of the following:		
Land	\$ 1,926,616	\$ 1,926,616
Building and improvements	4,803,833	4,803,833
Equipment and furnishings	765,575	679,570
Vehicles	100,574	100,574
Outreach center	1,557,056	1,557,056
	9,153,654	9,067,649
Less, accumulated depreciation	3,159,711	2,946,348
	<u>\$ 5,993,943</u>	<u>\$ 6,121,301</u>

Depreciation expense for 2017 and 2016 was \$213,362 and \$210,287, respectively.

**F. Notes Payable:**

The Organization's obligations under its notes payable consist of the following:

	<b>June 30</b>	
	<b>2017</b>	<b>2016</b>
A \$500,000 mortgage loan with Duval County Housing Finance Authority bearing an interest rate of 2.00% per annum, monthly installments of principal and interest of \$1,635 are due through March 1, 2026	\$ 155,527	\$ 171,860
A \$448,000 loan with Wells Fargo bearing an interest rate of 5% per annum, commencing on July 17, 2009, monthly installments of principle and interest of \$3,183 are due through February 17, 2028	312,243	334,008
Total Notes Payable	<u>\$ 467,770</u>	<u>\$ 505,868</u>

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**  
**(continued)**

**F. Notes Payable (continued):**

Notes payable are scheduled to mature as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 39,557
2019	41,083
2020	42,640
2021	44,338
2022	48,489
Thereafter	251,663
Total	<u>\$ 467,770</u>

Total interest expense was \$19,718 and \$21,190 for the years ended June 30, 2017 and 2016, respectively.

The Organization has secured a \$200,000 line of credit with Wells Fargo for short-term working capital requirements. The advances under the line of credit accrue an interest rate per annum at the bank's prime rate. The advances are secured by accounts receivable, furniture, fixtures and equipment. No advances were outstanding at June 30, 2017 or 2016.

**G. Concentrations of Revenue:**

For the years ended June 30, 2017 and 2016, 43% of revenue was derived from governmental sources.

**H. Temporarily Restricted Net Assets Are Available for the Following Purposes or Periods:**

	<u>June 30</u>	
	<u>2017</u>	<u>2016</u>
Specific purpose	\$ 159,207	\$ 71,975
Specific program	341,161	284,204
Restricted for expansion	-	60,000
	<u>\$ 500,368</u>	<u>\$ 416,179</u>



**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**  
**(continued)**

**I. Support Received Which Required Match:**

The Organization receives a substantial portion of its support under grant contracts with several Federal and State of Florida government agencies. These contracts are renegotiated annually. Although a maximum amount is established during the negotiation process, income is earned on a reimbursement basis; that is, income can be recognized only to the extent of eligible expenses incurred.

The Organization had fixed price and/or unit of service contracts that required cost sharing or match. Hubbard House, Inc. met the matching requirements of these contracts for the year ended June 30, 2017 as shown below:

Total Expenses		\$ 4,273,938
Less, non-matching revenues:		
Temporary Assistance for Needy Families	265,804	
Child and Adult Care Food Program	26,787	292,591
		<u>3,981,347</u>
Family Violence Prevention and Services (FVPS) 16-2214		
Amount received or receivable requiring match	129,278	
Match required - 25%:75%	32,319	161,597
Victims of Crime Act Fund (VOCA) V14125, V14152, V14125 and V14152		
Amount received or receivable requiring match	361,163	
Match required - 25%:75%	90,291	451,454
FCADV Basic Needs Agreement		
Amount received or receivable requiring match	85,000	
Match required	8,992	93,992
FCADV Voca Legal		
Amount received or receivable requiring match	52,487	
Match required	13,122	65,609
Excess Match Available		<u>\$ 3,208,695</u>

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**  
**(continued)**

**J. Permanently Restricted Net Assets:**

Hubbard House Shelter Endowments:

A gift was received to establish an endowment for the maintenance and preservation of Hubbard House's current shelter. The gift places restrictions on the use of the endowment's principal and income. In any given fiscal year, the income of the fund, not to exceed five percent of the market value of the fund at the close of the previous fiscal year, may be disbursed. The remaining income would increase the endowment's funds to offset the effects of inflation. The endowment's funds (corpus of \$550,000) may be used to repair the structure should it suffer a catastrophic event. The funds in this endowment are considered to be permanently restricted under the provision of the gift agreement. Hubbard House established an investment policy to manage the endowment's funds.

A gift designated for Hubbard House was made to the Community Foundation for Northeast Florida during the year ended June 30, 2007. The funds are managed by the Community Foundation for Northeast Florida, and on an annual basis the net investment income will be made available to support Hubbard House's ongoing operation. All amounts relating to these funds are excluded from the accompanying financial statements. The balance was \$528,623 and \$451,269 at June 30, 2017 and 2016, respectively.

**K. Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits:**

The Organization maintains cash balances at a financial institution located in Jacksonville, Florida, which may at times exceed Federal Deposit Insurance Corporation (FDIC) limits. Accounts at each institution are insured by the FDIC up to \$250,000. The Company has not experienced any losses in such accounts. Cash in excess of insured limits at June 30, 2017 and 2016, was \$978,492 and \$821,575, respectively.

**L. Tax-Deferred Annuity Plan:**

The Organization participates in a tax deferred annuity plan under Internal Revenue Service Code 403(b). Employees working 1,000 hours per year with more than two (2) years of continuous service are eligible for the plan and can contribute up to 20% of their wages into the plan as long as it doesn't exceed IRS guidelines. The employer may contribute up to 5% of the eligible wages into the plan. For the years ending June 30, 2017 and 2016, employer contributions were made totaling \$4,278 and \$91,613, respectively.

**M. Subsequent Events:**

The Organization has evaluated subsequent events through September 21, 2017, the date the financial statements were available to be issued.

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**  
**(continued)**

**N. Related Party Transactions:**

The Organization received \$297,595 and \$575,670 in unrestricted contributions from its affiliate, Hubbard House Foundation, Inc. for the years ended June 30, 2017 and 2016, respectively. The above amounts are included in public contributions section in the statements of activities.

The Organization also received \$50,000 from Hubbard House Foundation, Inc. for management and general expenses for both of the years ended June 30, 2017 and 2016.

**O. Sales to the Public (Thrift Store):**

Hubbard House operates a thrift store in Jacksonville and solicits clothing, furniture and other articles for sale to the public. The inventory of unsold clothing and articles on hand at June 30, 2017 and 2016 are not included in the financial statements since there is no readily determinable value for such items.

	<b>Years Ended June 30</b>	
	<b>2017</b>	<b>2016</b>
Sales, net of sales tax	\$ 312,970	\$ 286,798
Recycling, net	5,260	6,342
	<u>318,230</u>	<u>293,140</u>
Expenses:		
Personnel	182,403	218,352
Supplies	2,275	1,790
Telephone	6,954	6,714
Postage	122	99
Occupancy	74,450	73,318
Advertising	3,401	4,113
Equipment repairs and rentals	116	327
Printing	-	-
Transportation	2,992	2,824
Insurance	24,848	26,318
Other	10,097	9,655
	<u>307,658</u>	<u>344,405</u>
Sales to the Public, Net of Direct Expenses	<u>\$ 10,572</u>	<u>\$ (51,265)</u>

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**  
**(continued)**

**P. Donated Services:**

Donated services are recognized as contributions in accordance with FASB ASC 958-605-25, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided tutoring and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958-605-25 were not met. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately \$247,104 for 11,191 volunteer hours for the year ended June 30, 2017, and \$303,544 for 13,885 volunteer hours for the year ended June 30, 2016.

**Q. Commitments:**

Operating leases:

The Organization leases certain office space and equipment under operating leases expiring in 2021.

Future minimum lease payments are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2018	\$ 10,250
2019	8,375
2020	6,188
2021	3,640
Total	<u>\$ 28,453</u>

**R. Income Taxes:**

The Organization is a not-for-profit organization that is exempt from income tax under section 501c (3) of the Internal Revenue Code, and classified by the Internal Revenue Service as other than a private foundation. The Organization takes positions which it feels are adhering to the laws established by the taxing authorities; therefore, the Organization doesn't believe it has taken any uncertain tax positions which could subject it to penalties or interest, so none have been accrued in the accompanying financial statements.

## ADDITIONAL INFORMATION

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Contract/ Grant Number	Expenditures
<b>U.S. Department of Health and Human Services/</b>			
Florida Coalition Against Domestic Violence/ Family Violence Prevention and Services	93.671	17-2214	\$ 129,278
DV Center Basic Needs Agreement	93.671	17-2214	8,333
Temporary Assistance for Needy Families	93.558	17-2214	265,804
DV Center Basic Needs Agreement	93.558	17-2214	12,397
NE Florida Healthy Start Coalition - Fatherhood Initiative	N/A	90FK0067-01-00	47,640
Total U.S. Department of Health and Human Services			<u>463,452</u>
<b>U.S. Department of Justice/</b>			
State of Florida Department of Legal Affairs/ Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V14125	85,798
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V14152	9,285
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V00245	243,659
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V00294	22,422
Florida Coalition Against Domestic Violence/ Crime Victim Assistance (Victims of Crime Act Fund)	16.575	17-2214-VOCA-LEGAL	52,487
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	17-2214-EJ-VOCA	12,097
DV Center Basic Needs Agreement - STOP	16.588	N/A	10,843
Jacksonville Area Legal Aid	16.524	2014-WL-AX-0064	1,675
Office of Violence Against Women/ City of Jacksonville/ OVW Disability Grant Program	16.529	2015-FW-AX-K002	20,821
Total U.S. Department of Justice			<u>459,087</u>
<b>U.S Department of Housing &amp; Urban Development</b>			
Changing Homelessness Jacksonville, Inc./ Safe Space Project	24 CFR 583	FLO526L4H101602	6,766
Safe Space Project	24 CFR 583	FLO526L4H101400	19,004
Emergency Food and Shelter Program	97.024	160800-013	<u>21,163</u>
Total U.S. Department of Housing and Urban Development			<u>46,933</u>
<b>U. S. Department of Agriculture</b>			
State of Florida/ Child and Adult Care Food Program (Food and Nutrition)	10.558	I-065	<u>26,787</u>
Total Expenditures of Federal Awards			<u>\$ 996,259</u>
<b>Florida Coalition Against Domestic Violence/</b>			
Domestic Violence Trust Fund	N/A	17-2214	\$ 144,468
DV Center Basic Needs Agreement -N SFCAT-DVTF	N/A	17-2214	14,609
DV Center Basic Needs Agreement - DVTF	N/A	17-2214	6,118
General Revenue Fund	N/A	17-2214	321,166
DV Center Basis Needs Agreement - GR	N/A	17-2214	1,991
DV Center Basis Needs Agreement -SFCAT - GR	N/A	17-2214	24,436
DV Center Basic Needs Agreement - SFCDV-GR	N/A	17-2214	6,272
Prevention Initiative Project	N/A	17-2214	20,000
Child Protection Investigations (CPI) Project	N/A	17-2214-CPI	<u>165,000</u>
Total Expenditures of State Funding			<u>\$ 704,060</u>

See notes to schedule of awards

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO SCHEDULE OF AWARDS**  
**Year Ended June 30, 2017**

**A. Basis of Presentation:**

The schedule of expenditures of Federal awards presented on page 20 (the Schedule) includes the federal grant activity of Hubbard House, Inc. for the year ended June 30, 2017. The information in this schedule is presented in accordance with the 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). Therefore, some of the amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the basic financial statements. Expenditures reported on the Schedule are reported on the accrual basis of accounting.

The Organization did not require a State of Florida single audit as funds expended did not exceed \$750,000, however awards of State Projects are included for informational purposes.

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT ORGANIZATION)**

**SCHEDULE OF SOURCE AND EXPENDITURE OF CITY GRANT FUNDS**  
**PER ORDINANCE CODE CHAPTER 118.205(c)**  
**For Audit Year 2016-2017**

**City of Jacksonville Public Service Grants for Fiscal Year 2016/2017 Audit**

**Receipt of City Funds**

	<b>City FY 2015- 2016 Grant No. 7027-80</b>	<b>City FY 2016- 2017 Grant No. 7027-84</b>
Amount of Award (per City budget ordinance)	\$ 125,000	\$ 150,000
Actual Funds Received from City in Last Audit Period	(112,319)	-
Actual Amount Received this Period	(12,681)	(98,710)
Amount Remaining to be Distributed	<u>\$ -</u>	<u>\$ 51,290</u>

**Expenditures of City Funds**

City FY 2015-2016 Grant No. 7027-80 - \$125,000

<b><u>Item</u></b>	<b>(Unaudited) Original Budgeted</b>	<b>Actual 10/1/2015- 6/30/2016</b>	<b>Actual 7/1/2016- 9/30/2016</b>	<b>Total Actual</b>	<b>Remaining Balance</b>
Telephone	\$ 17,898	\$ 16,934	\$ 964	\$ 17,898	\$ -
Utilities	100,800	89,083	11,717	100,800	-
Security Monitoring	6,302	6,302	-	6,302	-
Total	<u>\$ 125,000</u>	<u>\$ 112,319</u>	<u>\$ 12,681</u>	<u>\$ 125,000</u>	<u>\$ -</u>

City FY 2016-2017 Grant No. 7027-84 - \$150,000

<b><u>Item</u></b>	<b>(Unaudited) Original Budgeted*</b>	<b>Actual 10/1/2016- 6/30/2017</b>	<b>Actual 7/1/2017- 9/30/2017</b>	<b>Total Actual</b>	<b>Remaining Balance</b>
Telephone	\$ 20,000	\$ 18,700	\$ -	\$ 18,700	\$ 1,300
Utilities	120,000	70,010	-	70,010	49,990
Security Monitoring	10,000	10,000	-	10,000	-
Total	<u>\$ 150,000</u>	<u>\$ 98,710</u>	<u>\$ -</u>	<u>\$ 98,710</u>	<u>\$ 51,290</u>

\* Note: Effective July 1, 2017 budget has been amended.



**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT ORGANIZATION)**

**SCHEDULE OF SOURCE AND EXPENDITURE OF CITY GRANT FUNDS**  
**PER ORDINANCE CODE CHAPTER 118.205(c)**  
**For Audit Year 2016-2017**  
**(continued)**

**City of Jacksonville Public Service Grants for Fiscal Year 2016/2017 Audit**

**Receipt of City Funds**

	<b>City FY 2015- 2016 Grant No. 7027-81</b>	<b>City FY 2016- 2017 Grant No. 7027-85</b>
Amount of Award (per City budget ordinance)	\$ 37,669	\$ 37,206
Actual Funds Received from City in Last Audit Period	(26,971)	-
Actual Amount Received this Period	(10,077)	(27,755)
Amount Remaining to be Distributed	<u>\$ 621</u>	<u>\$ 9,451</u>

**Expenditures of City Funds**

City FY 2015-2016 Grant No. 7027-81 - \$37,669

<b><u>Item</u></b>	<b>(Unaudited) Original Budgeted</b>	<b>Actual 10/1/2015- 6/30/2016</b>	<b>Actual 7/1/2016- 9/30/2016</b>	<b>Total Actual</b>	<b>Remaining Balance</b>
Salaries	\$ 27,966	\$ 19,858	\$ 8,108	\$ 27,966	\$ -
FICA	2,139	1,404	622	2,026	113
Health Ins.	5,420	4,337	1,083	5,420	-
Dental	97	72	24	96	1
Life Ins.	483	356	126	482	1
Workers Comp.	557	443	114	557	-
Unemployment Ins.	147	74	-	74	73
Retirement	860	427	-	427	433
Total	<u>\$ 37,669</u>	<u>\$ 26,971</u>	<u>\$ 10,077</u>	<u>\$ 37,048</u>	<u>\$ 621</u>

City FY 2016-2017 Grant No. 7027-85 - \$37,206

<b><u>Item</u></b>	<b>(Unaudited) Original Budgeted*</b>	<b>Actual 10/1/2016- 6/30/2017</b>	<b>Actual 7/1/2017- 9/30/2017</b>	<b>Total Actual</b>	<b>Remaining Balance</b>
Salaries	\$ 27,956	\$ 21,151	\$ -	\$ 21,151	\$ 6,805
FICA	2,139	1,525	-	1,525	614
Health Ins.	5,783	4,337	-	4,337	1,446
Dental	96	72	-	72	24
Life Ins.	484	65	-	65	419
Workers Comp.	674	570	-	570	104
Unemployment Ins.	74	35	-	35	39
Retirement	-	-	-	-	-
Total	<u>\$ 37,206</u>	<u>\$ 27,755</u>	<u>\$ -</u>	<u>\$ 27,755</u>	<u>\$ 9,451</u>

\* Note: Effective July 1, 2017 budget has been amended. 23

HUBBARD HOUSE, INC.  
(A NOT-FOR-PROFIT ORGANIZATION)

SCHEDULE OF SOURCE AND EXPENDITURE OF CITY GRANT FUNDS  
PER ORDINANCE CODE CHAPTER 118.205(e)  
For Audit Year 2016-2017  
(continued)

City of Jacksonville for Fiscal Year 2016/2017 Audit

**Receipt of City Funds**

	City FY 2015- 2018 Grant No. 7027-82
Amount of Award (per City budget ordinance)	\$ 123,084
Actual Amount Received this Period	(20,821)
Actual Funds Received from City in Last Audit Period	-
Amount Remaining to be Distributed	<u>\$ 102,263</u>

**Expenditures of City Funds**

City FY 2015-2018 Grant No. 7027-82 - \$123,084

<u>Item</u>	(Unaudited) Original Budgeted	Actual 10/1/2015- 6/30/2017	Actual 7/1/2017- 9/30/2017	Total Actual	Remaining Balance
<b>Compensation</b>					
Salaries - Lead Education Specialist	\$ 78,000	\$ 17,237	\$ -	\$ 17,237	\$ 60,763
Salaries - Chief Operating Officer	14,664	-	-	-	14,664
<b>Benefits</b>					
<b>Lead Education Specialist</b>					
FICA and Med Tax	5,967	1,318	-	1,318	4,649
Retirement	3,900	-	-	-	3,900
Worker's Compensation	1,700	272	-	272	1,428
Unemployment	223	30	-	30	193
<b>Chief Operating Officer</b>					
FICA and Med Tax	1,122	-	-	-	1,122
Health Insurance	972	-	-	-	972
Retirement	733	-	-	-	733
Worker's Compensation	320	-	-	-	320
Unemployment	155	-	-	-	155
Dental/Unum	15	-	-	-	15
Disability/Unum	252	-	-	-	252
Long Term Care/Unum	20	-	-	-	20
<b>Supplies</b>					
Office Supplies	3,600	-	-	-	3,600
Printing and Duplicating	2,000	-	-	-	2,000
<b>Travel</b>					
Local Travel/Mileage	801	-	-	-	801
OWV Training/Travel	3,800	1,964	-	1,964	1,836
<b>Equipment</b>					
Laptop Computer	958	-	-	-	958
Docking Station	200	-	-	-	200
Setup and Support	200	-	-	-	200
Tablet for Emergency Communication	1,650	-	-	-	1,650
Deaf Related Apps	250	-	-	-	250
Wireless Mobile Printer	250	-	-	-	250
Portable Hot Spot	1,332	-	-	-	1,332
<b>Total</b>	<u>\$ 123,084</u>	<u>\$ 20,821</u>	<u>\$ -</u>	<u>\$ 20,821</u>	<u>\$ 102,263</u>

HUBBARD HOUSE, INC.  
(A NOT-FOR-PROFIT ORGANIZATION)

SCHEDULE OF SOURCE AND EXPENDITURE OF CITY GRANT FUNDS  
PER ORDINANCE CODE CHAPTER 118.205(e)  
For Audit Year 2016-2017  
(continued)

City of Jacksonville/Office of the Sheriff for Fiscal Year 2016/2017 Audit

**Receipt of City Funds**

	<u>City FY 2016- 2017 Grant No. 7027-83</u>
Amount of Award (per City budget ordinance)	\$ 10,000
Actual Amount Received this Period	(10,000)
Actual Funds Received from City in Last Audit Period	-
Amount Remaining to be Distributed	<u><u>\$ -</u></u>

**Expenditures of City Funds**

City FY 2016-2017 Grant No. 7027-83 - \$10,000

<u>Item</u>	(Unaudited) Original Budgeted	Actual 10/1/2016- 6/30/2017	Actual 7/1/2016- 6/30/2017	Total Actual	Remaining Balance
Emergency Shelter & Services Technology Program					
Computer & Technology upgrade	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ -
Total	<u><u>\$ 10,000</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ -</u></u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Hubbard House, Inc.  
Jacksonville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hubbard House, Inc. (a not-for-profit organization), which comprise statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hubbard House, Inc.'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hubbard House, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

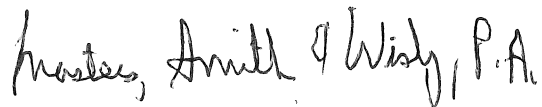
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hubbard House, Inc.'s 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Jacksonville, Florida

September 21, 2017

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

Board of Directors  
Hubbard House, Inc.  
Jacksonville, Florida

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

We have audited Hubbard House, Inc. (a not-for-profit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of Hubbard House, Inc.'s major Federal programs for the year ended June 30, 2017. Hubbard House, Inc.'s major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Hubbard House, Inc.'s major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Hubbard House, Inc.'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 Hubbard House, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Hubbard House, Inc. 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 June 30, 2017.

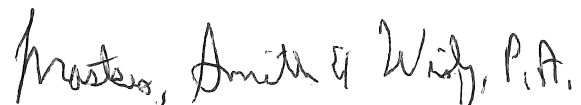
### **Report on Internal Control Over Compliance**

Management of Hubbard House, Inc. 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 Hubbard House, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with 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 Hubbard House, Inc.'s internal control over compliance.

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

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

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



Certified Public Accountants  
Jacksonville, Florida

September 21, 2017

HUBBARD HOUSE, INC.  
(A NOT-FOR-PROFIT CORPORATION)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS  
Year Ended June 30, 2017

**Financial Statements:**

Type of Auditors' Report	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Programs:**

Internal Control Over Major Programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	No

Identification of major programs:

<u>Federal Program</u>	<u>CFDA No.</u>
Crime Victim Assistance	16.575
Temporary Assistance for Needy Families	93.558

<u>Federal</u>
Dollar threshold used to distinguish Type A and Type B programs:
\$750,000
Auditee qualify as low risk auditee?
Yes



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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL PROGRAMS**  
**Year Ended June 30, 2017**  
**(continued)**

***Financial Statement Findings:***

There are no significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

***Major Federal Programs Findings and Questioned Costs:***

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with Uniform Guidance.

***Other Matters:***

The Summary Schedule of Prior Audit Findings is not included in this report because there were no prior audit findings related to Federal programs.

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal Single Audit Act.