

Financial Statements

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

Years Ended June 30, 2019 and 2018



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STEVEN D. RAWLINS, CPA
GARY M. HUGGETT, CPA
DAVID W. HOWIE, CPA

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, 2019 and 2018, 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.

Auditors' 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, 2019 and 2018, 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 18, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 22-24 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.

Masters, Smith & Wisby P.A.
Certified Public Accountants
Jacksonville, Florida

September 18, 2019

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

STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	June 30	
	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,950,152	\$ 1,275,329
Grants receivable	437,420	528,106
Prepaid expenses	17,030	21,339
Cash restricted for capital expenditures	4,604	4,724
Investments unrestricted	811,729	885,864
Assets restricted for Hubbard House Shelter Endowment Investments	752,142	751,094
Deposits	-	-
Property and equipment, net	5,678,952	5,790,789
Total Assets	<u>\$ 9,652,029</u>	<u>\$ 9,257,245</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 7,809	\$ 29,061
Accrued expenses	129,286	151,952
Deferred revenue	20,443	23,018
Notes payable, building	386,955	428,110
Total Liabilities	<u>544,493</u>	<u>632,141</u>
 Net Assets:		
Without donor restrictions	8,063,199	7,621,781
With donor restrictions	1,044,337	1,003,323
Total Net Assets	<u>9,107,536</u>	<u>8,625,104</u>
Total Liabilities and Net Assets	<u>\$ 9,652,029</u>	<u>\$ 9,257,245</u>

See notes to financial statements

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

STATEMENTS OF ACTIVITIES

	Years Ended June 30	
	2019	2018
Changes in Net Assets Without Donor Restrictions:		
Support and Revenues:		
Government grants	\$ 2,375,359	\$ 2,508,447
Contributions - public	1,634,014	1,456,210
Contributions - United Way, allocated and designated	105,060	107,634
Contributions - in-kind	27,832	42,524
Gain on thrift store sales (see Note Q)	3,951	27,269
Program services	222,862	251,626
Investment return	60,311	96,162
Miscellaneous	51,292	52,304
Total Support and Revenues Without Donor Restrictions	4,480,681	4,542,176
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	399,284	478,812
Total Support and Revenues Without Donor Restrictions and Net Assets Released from Restrictions	4,879,965	5,020,988
Functional Expenses:		
Program Services:		
Assistance to clients	3,276,772	3,654,162
Batterer's services	159,720	194,149
Supporting Services:		
Management and general	620,553	573,202
Fund raising	381,502	386,277
Total Functional Expenses	4,438,547	4,807,790
Change in Net Assets Without Donor Restrictions	441,418	213,198
Changes in Net Assets With Donor Restrictions:		
Contributions	409,250	370,000
Investment return	31,048	61,767
Net assets released from restrictions	(399,284)	(478,812)
Change in Net Asset With Donor Restrictions	41,014	(47,045)
Change in Net Assets	482,432	166,153
Net Assets, Beginning of Year	8,625,104	8,458,951
Net Assets, End of Year	<u>\$ 9,107,536</u>	<u>\$ 8,625,104</u>

See notes to financial statements

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

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services		Supporting Services		
	Assistance to Clients	Batterer's Services	Management and General	Fund Raising	Total
Personnel	\$ 2,307,451	\$ 132,959	\$ 433,445	\$ 265,444	\$ 3,139,299
Contract services	42,529	160	45,658	7,516	95,863
Supplies	31,491	1,602	10,998	2,867	46,958
Telephone	49,774	466	2,426	1,528	54,194
Postage	2,467	214	2,304	5,899	10,884
Occupancy	216,789	1,330	23,543	9,882	251,544
Equipment, maintenance and rental	88,091	1,258	33,596	23,126	146,071
Printing	6,383	-	490	17,734	24,607
Transportation	31,458	1,171	2,521	573	35,723
Conventions and meetings	23,977	50	3,318	22,249	49,594
Assistance to individuals	252,385	-	-	-	252,385
Dues and subscriptions	10,203	-	14,947	70	25,220
Bank fees	8,482	-	2,613	6,208	17,303
Insurance	47,625	48	276	32	47,981
Other expenses	25,586	142	11,906	86	37,720
	3,144,691	139,400	588,041	363,214	4,235,346
Depreciation expense	132,081	20,320	32,512	18,288	203,201
Total Functional Expenses	\$ 3,276,772	\$ 159,720	\$ 620,553	\$ 381,502	\$ 4,438,547

See notes to financial statements

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

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Program Services		Supporting Services		
	Assistance to Clients	Batterer's Services	Management and General	Fund Raising	Total
Personnel	\$ 2,533,899	\$ 152,692	\$ 407,280	\$ 244,678	\$ 3,338,549
Contract services	16,314	5,690	19,254	1,897	43,155
Supplies	32,495	1,725	7,477	2,427	44,124
Telephone	44,454	1,651	2,550	1,744	50,399
Postage	1,529	335	1,561	5,848	9,273
Occupancy	203,589	7,561	16,944	7,054	235,148
Equipment, maintenance and rental	63,972	1,621	37,363	56,454	159,410
Printing	16,111	284	1,447	19,639	37,481
Transportation	55,352	674	2,370	1,340	59,736
Conventions and meetings	18,299	56	3,324	16,120	37,799
Assistance to individuals	460,810	-	-	-	460,810
Dues and subscriptions	5,484	-	18,395	2,418	26,297
Bank fees	99	-	11,901	6,953	18,953
Insurance	48,125	-	45	32	48,202
Other expenses	13,113	242	8,702	217	22,274
	3,513,645	172,531	538,613	366,821	4,591,610
Depreciation expense	140,517	21,618	34,589	19,456	216,180
Total Functional Expenses	\$ 3,654,162	\$ 194,149	\$ 573,202	\$ 386,277	\$ 4,807,790

See notes to financial statements

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

STATEMENTS OF CASH FLOWS

	Years Ended June 30	
	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 482,432	\$ 166,153
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	203,201	216,180
Net realized and unrealized (gain) on investments	(49,726)	(119,948)
Changes in assets and liabilities:		
Cash restricted	120	131
Grants receivable	90,686	(142,906)
Prepaid expenses and deposits	4,309	2,583
Accounts payable	(21,251)	13,995
Accrued expenses and deferred revenue	(25,241)	(8,448)
Net Cash Provided by Operating Activities	<u>684,530</u>	<u>127,740</u>
Cash Flows from Investing Activities:		
Proceeds from sales of assets unrestricted	505,809	705,356
Purchase of assets unrestricted	(396,151)	(681,941)
Proceeds from sales of assets restricted to endowment	379,115	554,762
Purchase of assets restricted to endowment	(365,960)	(549,977)
Purchase of property and equipment	(91,365)	(13,026)
Net Cash Provided by Investing Activities	<u>31,448</u>	<u>15,174</u>
Cash Flows from Financing Activities:		
Repayment of bank loan	(41,155)	(39,661)
Net Cash Used by Financing Activities	<u>(41,155)</u>	<u>(39,661)</u>
Net Change in Cash and Cash Equivalents	674,823	103,253
Cash and Cash Equivalents, Beginning of Year	<u>1,275,329</u>	<u>1,172,076</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,950,152</u></u>	<u><u>\$ 1,275,329</u></u>
Supplemental Information:		
Cash paid during the year for interest	<u><u>\$ 16,661</u></u>	<u><u>\$ 18,156</u></u>

See notes to financial statements

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

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

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 – New Accounting Pronouncement:

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). Formerly, under ASC 958, the Organization was 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. In August 2016, the FASB issued ASU 2016-14, "*Presentation of Financial Statements of Not-for-Profit entities*" (*Topic 958*). The ASU amends the current reporting model for not-for-profit organizations by changing the reporting of net assets from three classes to two classes, net assets without donor restrictions and net asset with donor restrictions, as well as adding and enhancing certain financial statement disclosures. The ASU is effective using a modified retrospective approach for fiscal years beginning after December 15, 2017. The Organization has elected to early adopt for the fiscal year ended June 30, 2018.

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.

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

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018
(continued)

B. Summary of Significant Accounting Policies (continued):

Expense Allocation:

The costs of providing program services, management and fund-raising activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Program service costs that can be directly identified with a program are charged to the appropriate program, costs that can be directly identified as fund-raising are charged to fund-raising expense. Supporting services, including administration and senior management costs are allocated to programs, management and general and fund raising based on estimates of time spent on those activities.

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

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

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018
(continued)

B. Summary of Significant Accounting Policies (continued):

Advertising:

Advertising costs, which are principally included in store sales net of direct expenses, are expensed as incurred. Advertising expense for 2019 and 2018 was \$6,606 and \$6,253, respectively.

Contributions and Support Without and With Donor Restrictions:

Contributions and support received are recorded either without or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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, 2019</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain/(Loss)</u>
Money Market Funds	\$ 48,768	\$ 48,768	\$ -
Government Securities	388,955	393,247	4,292
Corporate Bonds	84,765	85,140	375
Equity Securities	887,804	1,030,037	142,233
Mutual Funds	6,630	6,679	49
	<u>\$ 1,416,922</u>	<u>\$ 1,563,871</u>	<u>\$ 146,949</u>
 <u>June 30, 2018</u>			
Money Market Funds	\$ 68,343	\$ 68,343	\$ -
Government Securities	412,448	403,985	(8,463)
Corporate Bonds	99,182	98,383	(799)
Equity Securities	899,711	1,066,247	166,536
	<u>\$ 1,479,683</u>	<u>\$ 1,636,958</u>	<u>\$ 157,275</u>

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

HUBBARD HOUSE, INC.
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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018
(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, 2019.

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 43,623	\$ 16,288	\$ 59,911
Net realized and unrealized gains	26,324	23,402	49,726
Brokerage fees	(9,636)	(8,642)	(18,279)
Total Investment Return	<u>\$ 60,311</u>	<u>\$ 31,048</u>	<u>\$ 91,358</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2018.

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 42,530	\$ 14,156	\$ 56,686
Net realized and unrealized gains (losses)	64,436	55,512	119,948
Brokerage fees	(10,804)	(7,901)	(18,705)
Total Investment Return	<u>\$ 96,162</u>	<u>\$ 61,767</u>	<u>\$ 157,929</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:

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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018
(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>June 30, 2019</u>	Fair Value Hierarchy Level			
	Fair Value	Level 1	Level 2	Level 3
Money Market Funds	\$ 48,768	\$ 48,768	\$ -	\$ -
Government Securities	393,247	393,247	-	-
Corporate Bonds	85,140	85,140	-	-
Equity Securities	1,030,037	1,030,037	-	-
Mutual Funds	6,679	6,679	-	-
Total	\$ 1,563,871	\$ 1,563,871	\$ -	\$ -

<u>June 30, 2018</u>	Fair Value Hierarchy Level			
	Fair Value	Level 1	Level 2	Level 3
Money Market Funds	\$ 68,343	\$ 68,343	\$ -	\$ -
Government Securities	403,985	403,985	-	-
Corporate Bonds	98,383	98,383	-	-
Equity Securities	1,066,247	1,066,247	-	-
Total	\$ 1,636,958	\$ 1,636,958	\$ -	\$ -

HUBBARD HOUSE, INC.
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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018
(continued)

E. Liquidity and Availability of Financial Assets:

It is the policy of the organization to manage its financial assets, so they are available when needed to meet its general expenditures, liabilities and other obligations as they become due. The Organization has access to a \$200,000 line of credit if needed. Additional funds of approx. \$20,000 are provided annually through an endowment established for the benefit of the Organization.

The Organization's financial assets available within one year from the statement of Financial position date available for general expenditures are:

	June 30	
	2019	2018
Cash and cash equivalents	\$ 1,950,152	\$ 1,275,329
Grants receivable	437,420	528,106
Cash restricted for capital expenditures	4,604	4,724
Investments unrestricted	811,729	885,864
Investments restricted	752,142	751,094
Financial assets at year -end	<u>3,956,047</u>	<u>3,445,117</u>
Less those unavailable for general expenditures within one year, due to:		
Donor restricted for specific purpose	34,475	159,207
Donor restricted for specific program	459,862	293,634
Donor restricted endowment	<u>550,000</u>	<u>550,000</u>
Financial assets available to meet cash needs for General expenditure within one year	<u>\$ 2,911,710</u>	<u>\$ 2,240,700</u>

F. Property and Equipment:

	June 30	
	2019	2018
Property and equipment consist of the following:		
Land	\$ 1,926,616	\$ 1,926,616
Building and improvements	4,895,198	4,803,833
Equipment and furnishings	769,645	769,645
Vehicles	100,574	100,574
Outreach center	1,566,011	1,566,011
	<u>9,258,044</u>	<u>9,166,679</u>
Less, accumulated depreciation	<u>3,579,092</u>	<u>3,375,890</u>
	<u>\$ 5,678,952</u>	<u>\$ 5,790,789</u>

Depreciation expense for 2019 and 2018 was \$203,201 and \$216,180, respectively.

HUBBARD HOUSE, INC.
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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018
(continued)

G. Notes Payable:

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

	<u>June 30</u>	
	<u>2019</u>	<u>2018</u>
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	\$ 121,733	\$ 138,760
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	265,222	289,350
Total Notes Payable	<u>\$ 386,955</u>	<u>\$ 428,110</u>

Notes payable are scheduled to mature as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 42,640
2021	44,338
2022	46,077
2023	47,896
2024	49,779
Thereafter	156,225
Total	<u>\$ 386,955</u>

Total interest expense was \$16,661 and \$18,156 for the years ended June 30, 2019 and 2018, 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, 2019 or 2018.

HUBBARD HOUSE, INC.
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NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018
(continued)

H Concentrations of Revenue:

For the years ended June 30, 2019 and 2018, 46% and 47%, of revenue was derived from governmental sources, respectively.

I. Net Assets with Donor Restrictions are Available for the Following Purposes or Periods:

	June 30	
	2019	2018
Endowment- Shelter	\$ 550,000	\$ 550,000
Specific program	459,861	159,689
Specific purpose	34,476	293,634
	<u>\$ 1,044,337</u>	<u>\$ 1,003,323</u>

J. 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 years ending June 30, 2019 and 2018.

K. Endowments:

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 restricted in perpetuity under the provision of the gift agreement. Hubbard House has 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 \$545,011 and \$543,143 at June 30, 2019 and 2018, respectively.

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

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018
(continued)

L. 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, 2019 and 2018, was \$1,792,279 and \$1,118,906, respectively.

M. 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 into the plan up to IRS yearly limits. The employer may contribute up to 5% of the eligible wages into the plan. For the years ending June 30, 2019 and 2018, employer contributions were made totaling \$86,488 and \$93,123, respectively.

N. Subsequent Events:

The Organization has evaluated subsequent events through September 18, 2019, the date the financial statements were available to be issued.

O. Related Party Transactions:

The Organization received \$328,888 and \$291,468 in unrestricted contributions from its affiliate, Hubbard House Foundation, Inc. for the years ended June 30, 2019 and 2018, 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 years ended June 30, 2019 and 2018.

P. 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.

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

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018
(continued)

Q. 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, 2019 and 2018 are not included in the financial statements since there is no readily determinable value for such items.

	Years Ended June 30	
	2019	2018
Sales, net of sales tax	\$ 304,646	\$ 310,037
Recycling, net	3,842	3,431
	<u>308,488</u>	<u>313,468</u>
Expenses:		
Personnel	184,595	173,403
Supplies	2,438	1,946
Telephone	9,350	8,742
Postage	-	-
Occupancy	67,671	60,418
Advertising	3,228	3,151
Equipment repairs and rentals	-	118
Printing	-	182
Transportation	1,550	3,781
Insurance	26,511	25,843
Other	9,194	8,615
	<u>304,537</u>	<u>286,199</u>
Sales to the Public, Net of Direct Expenses	<u>\$ 3,951</u>	<u>\$ 27,269</u>

R. 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 \$217,574 for 9,603 volunteer hours for the year ended June 30, 2019, and \$232,066 for 10,473 volunteer hours for the year ended June 30, 2018.

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

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018
(continued)

S. Commitments:

Operating leases:

The Organization leases certain office space and equipment under operating leases expiring as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2020	\$ 9,995
2021	8,176
2022	4,536
2023	4,536
2024	4,536
Thereafter	756
Total	<u>\$ 32,535</u>

ADDITIONAL INFORMATION

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Contract/ Grant Number	Expenditures
U.S. Department of Health and Human Services/			
Florida Coalition Against Domestic Violence/			
Family Violence Prevention and Services	93.671	19-2214	\$ 129,278
Family Violence Prevention and Services FVPSA II	93.671	19-2214	47,495
DV Center Basic Needs Agreement - FVPSA	93.671	19-2214-BN	1,032
DV Center Basic Needs Agreement - FVPSA II	93.671	19-2214-BN	2,996
Transportation PART program needs	93.671	19-22214	19,232
Temporary Assistance for Needy Families	93.558	19-2214	265,804
DV Center Basic Needs Agreement - TANF	93.558	19-2214-BN	4,640
NE Florida Healthy Start Coalition - Fatherhood Initiative	N/A	90FK0067-01-00	250
Total U.S. Department of Health and Human Services			<u>470,727</u>
U.S. Department of Justice/			
State of Florida Department of Legal Affairs/			
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V00363	169,047
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V00378	4,357
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V00098	418,699
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V00109	27,736
Florida Coalition Against Domestic Violence/			
Crime Victim Assistance (Victims of Crime Act Fund) Legal IFP	16.575	18-2214-VOCA-LEGAL	58,060
Crime Victim Assistance (Victims of Crime Act Fund) Legal IFP	16.575	19-2214-VOCA LEGAL	159,917
Crime Victim Assistance (Victims of Crime Act Fund) - EJ	16.575	18-2214-EJ-VOCA	11,717
Crime Victim Assistance (Victims of Crime Act Fund) - EJ	16.575	19-2214-EJ VOCA	41,153
DV Center Basic Needs Agreement - STOP II	16.588	19-2214	2,755
DV Center Basic Needs Agreement - STOP III	16.588	19-2214-BN	3,412
DV Center Basic Needs Agreement - STOP II	16.588	19-2214	918
DV Center Basic Needs Agreement - STOP II	16.588	19-2214	635
Office of Violence Against Women/ City of Jacksonville/ OVW Disability Grant Program	16.529	2015-FW-AX-K002	22,076
Total U.S. Department of Justice			<u>920,482</u>
U.S Department of Housing & Urban Development			
Changing Homelessness Jacksonville, Inc./			
Housing Options Promoting Empowerment	25 CFR 578.51	FLO731L4H101800	1,985
Safe Space Project	25 CFR 578.51	FLO526L4H101602	38,768
Safe Space Project	24 CFR 578.51	FLO526L4H101703	10,645
Emergency Food and Shelter Program	97.024	160800-013	<u>21,320</u>
Total U.S. Department of Housing and Urban Development			<u>72,718</u>
U. S. Department of Agriculture			
State of Florida/ Child and Adult Care Food Program (Food and Nutrition)	10.558	I-065	<u>18,105</u>
Total Expenditures of Federal Awards			<u>\$ 1,482,032</u>
State Grantor/Project			
Florida Coalition Against Domestic Violence/			
Domestic Violence Trust Fund	N/A	19-2214	\$ 144,469
DV Center Basic Needs Agreement - DVTF II	N/A	19-2214	47,495
DV Center Basic Needs Agreement - DVTF	N/A	19-2214-BN	1,575
DV Center Basic Needs Agreement - DVTF	N/A	19-2214-BN	373
DV Center Basis Needs Agreement -SFCAT- DVTF	N/A	19-2214-BN	653
Transportation Participant Program Needs - DVTF	N/A	19-2214	4,320
General Revenue Fund	N/A	19-2214	321,166
DV Center Basis Needs Agreement -SFCAT- GR	N/A	19-2214-BN	1,163
Transportation Participant Program Needs - GR	N/A	19-2214	980
Prevention Initiative Project	N/A	19-2214-BN	1,222
Child Protection Investigations (CPI) Project	N/A	19-2214-CPI	1,212
Transportation Participant Program Needs - CPI (GR)	N/A	19-2214	7,354
Prevention Initiative Project	N/A	19-2214	20,000
Child Protection Investigations (CPI) Project	N/A	19-2214-CPI	165,000
Participant Program Nees - CPI (GR)	N/A	19-2214	<u>4,311</u>
Total Expenditures of State Funding			<u>\$ 721,293</u>

See notes to schedule of awards

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

NOTES TO SCHEDULE OF AWARDS
Year Ended June 30, 2019

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, 2019. 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(e)
For Audit Year 2018-2019

City of Jacksonville Public Service Grants for Fiscal Year 2018/2019 Audit

Receipt of City Funds

	<u>City FY 2017- 2018 Grant No. 7027-86</u>	<u>City FY 2018- 2019 Grant No. 7027-88</u>
Amount of Award (per City budget ordinance)	\$ 150,000	\$ 150,000
Actual Funds Received from City in Last Audit Period	(105,213)	-
Actual Amount Received this Period	(44,787)	(112,598)
Amount Remaining to be Distributed	<u>\$ -</u>	<u>\$ 37,402</u>

Expenditures of City Funds

City FY 2017-2018 Grant No. 7027-86 - \$150,000

<u>Item</u>	<u>(Unaudited) Budgeted*</u>	<u>Actual 10/1/2017- 6/30/2018</u>	<u>Actual 7/1/2018- 9/30/2018</u>	<u>Total Actual</u>	<u>Remaining Balance</u>
Telephone	\$ 32,471	\$ 24,021	\$ 8,450	\$ 32,471	\$ -
Utilities	102,529	70,214	32,315	102,529	-
Security Monitoring	15,000	10,979	4,021	15,000	-
Total	<u>\$ 150,000</u>	<u>\$ 105,214</u>	<u>\$ 44,786</u>	<u>\$ 150,000</u>	<u>\$ -</u>

* Budget Revised 7/1/18

City FY 2018-2019 Grant No. 7027-88 - \$150,000

<u>Item</u>	<u>(Unaudited) Budgeted*</u>	<u>Actual 10/1/2018- 6/30/2019</u>	<u>Actual 7/1/2019- 9/30/2019</u>	<u>Total Actual</u>	<u>Remaining Balance</u>
Telephone	\$ 30,000	\$ 26,006	\$ -	\$ 26,006	\$ 3,994
Utilities	106,000	73,794	-	73,794	32,206
Security Monitoring	14,000	12,798	-	12,798	1,202
Total	<u>\$ 150,000</u>	<u>\$ 112,598</u>	<u>\$ -</u>	<u>\$ 112,598</u>	<u>\$ 37,402</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 2018-2019

(continued)

City of Jacksonville Public Service Grants for Fiscal Year 2018/2019 Audit

Receipt of City Funds

	City FY 2018- 2019 Grant No. 7027-87
Amount of Award (per City budget ordinance)	\$ 44,995
Actual Funds Received from City in Last Audit Period	(14,650)
Actual Amount Received this Period	-
Amount Remaining to be Distributed	<u><u>\$ 30,345</u></u>

Expenditures of City Funds

City FY 2018-2019 Grant No. 7027-87 - \$44,995

<u>Item</u>	(Unaudited) Budgeted	Actual 10/1/2018- 6/30/2019	Actual Total Actual	Remaining Balance
Salaries	\$ 33,592	\$ 12,688	\$ 12,688	\$ 20,904.00
FICA	2,284	967	967	1,317.00
Health Ins.	5,783	500	500	5,283.00
Dental	96	-	-	96.00
Life Ins.	574	-	-	574.00
Workers Comp.	961	468	468	493.00
Unemployment Ins.	25	27	27	(2.00)
Retirement	1,680	-	-	1,680.00
	<u>1,680</u>	<u>-</u>	<u>-</u>	<u>1,680.00</u>
Total	<u><u>\$ 44,995</u></u>	<u><u>\$ 14,650</u></u>	<u><u>\$ 14,650</u></u>	<u><u>\$ 30,345</u></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 2018-2019

(continued)

City of Jacksonville for Fiscal Year 2018/2019 Audit

Receipt of City Funds

	City FY 2015- 2018 Grant No. 7027-82
Amount of Award (per City budget ordinance)	\$ 123,084
Actual Funds Received from City in Prior Years	\$ (20,821)
Actual Funds Received from City in Last Audit Period	(19,220)
Actual Amount Received this Period	<u>(22,076)</u>
Amount Remaining to be Distributed	<u>\$ 60,967</u>

Expenditures of City Funds

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

<u>Item</u>	(Unaudited) Budgeted	Actual 10/1/2015- 6/30/2017	Actual 7/1/2017- 9/30/2017	Actual 10/1/2017- 6/30/2018	Actual 7/1/2018- 9/30/2018	Actual 10/1/2018- 6/30/2019	Total Actual	Remaining Balance
Compensation								
Salaries - Lead Education Specialist	\$ 78,000	\$ 17,237	\$ 3,608	\$ 13,780	\$ 6,037	13838	\$ 54,500	\$ 23,500
Salaries - Chief Operating Officer	14,664	-	-	-	-	-	-	14,664
Benefits								
Lead Education Specialist								
FICA and Med Tax	5,967	1,318	276	1059	455	1060	4,168	1,799
Retirement	3,900	-	-	-	-	-	-	3,900
Worker's Compensation	1,700	272	100	386	173	471	1,402	298
Unemployment	223	30	-	11	-	16	57	166
Chief Operating Officer								
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
Supplies								
Office Supplies	3,600	-	-	-	26	-	26	3,574
Printing and Duplicating	2,000	-	-	-	-	-	-	2,000
Travel								
Local Travel/Mileage	801	-	-	-	-	-	-	801
OWV Training/Travel	3,800	1,964	-	-	-	-	1,964	1,836
Equipment								
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
Total	<u>\$ 123,084</u>	<u>\$ 20,821</u>	<u>\$ 3,984</u>	<u>\$ 15,236</u>	<u>\$ 6,691</u>	<u>\$ 15,385</u>	<u>\$ 62,117</u>	<u>\$ 60,967</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, 2019, 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 18, 2019.

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.

Masters, Smith + Wisby P.A.

Certified Public Accountants
Jacksonville, Florida

September 18, 2019

**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, 2019. 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, 2019.

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.

Masters, Smith & Wisby P.A.

Certified Public Accountants
Jacksonville, Florida

September 18, 2019

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS
Year Ended June 30, 2019

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
Family Violence Prevention and Services	93.671
	<u>Federal</u>
Dollar threshold used to distinguish Type A and Type B programs:	\$750,000
Auditee qualify as low risk auditee?	Yes

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS
Year Ended June 30, 2019
(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.