Financial Statements

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

Years Ended June 30, 2018 and 2017

MSW
MASTERS, SMITH & WISBY, P.A.
ACCOUNTANTS & BUSINESS ADVISORS

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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, 2018 and 2017, 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.

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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, 2018 and 2017, 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 19, 2018, 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 22-24 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 Unites 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 19, 2018

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

STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30 2018	June 30 2017
Cash and cash equivalents	$ 1,275,329	$ 1,172,076
Grants receivable	528,106	385,200
Prepaid expenses	21,339	23,297
Cash restricted for capital expenditures	4,724	4,855
Investments unrestricted	885,864	855,199
Assets restricted for Hubbard House Shelter Endowment Investments	751,094	691,236
Deposits	-	625
Property and equipment, net	5,790,789	5,993,943
Total Assets	$ 9,257,245	$ 9,126,431

LIABILITIES AND NET ASSETS	2018	2017
Liabilities:		
Accounts payable	$ 29,061	$ 15,066
Accrued expenses	151,952	160,400
Deferred revenue	23,018	24,243
Notes payable, building	428,110	467,770
Total Liabilities	632,141	667,479
Net Assets:		
Without donor restrictions	7,621,781	7,408,584
With donor restrictions	1,003,323	1,050,368
Total Net Assets	8,625,104	8,458,952
Total Liabilities and Net Assets	$ 9,257,245	$ 9,126,431

See notes to financial statements

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

STATEMENTS OF ACTIVITIES

	Years Ended June 30 2018	2017
Changes in Net Assets Without Donor Restrictions:		
Support and Revenues:		
Government grants	$ 2,508,447	$ 1,859,542
Contributions - public	1,456,210	1,297,605
Contributions - United Way, allocated and designated	107,634	112,557
Contributions - in-kind	42,524	60,669
Gain (loss) on thrift store sales (see Note P)	27,269	10,572
Program services	251,626	268,180
Investment return	96,162	67,707
Miscellaneous	52,304	61,520
Total Support and Revenues Without Donor Restrictions	4,542,176	3,738,352
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	478,812	595,283
Total Support and Revenues Without Donor Restrictions and Net Assets Released from Restrictions	5,020,988	4,333,635
Functional Expenses:		
Program Services:		
Assistance to clients	3,654,162	3,157,512
Batterer's services	194,149	222,675
Supporting Services:		
Management and general	573,202	542,611
Fund raising	386,277	351,140
Total Functional Expenses	4,807,790	4,273,938
Change in Net Assets Without Donor Restrictions	213,198	59,697
Changes in Net Assets With Donor Restrictions:		
Contributions	370,000	578,179
Investment return	61,767	101,293
Net assets released from restrictions	(478,812)	(595,283)
Change in Net Asset With Donor Restrictions	(47,045)	84,189
Change in Net Assets	166,153	143,886
Net Assets, Beginning of Year	8,458,951	8,315,065
Net Assets, End of Year	$ 8,625,104	$ 8,458,951

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)

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)

STATEMENTS OF CASH FLOWS

	Years Ended June 30 2018	Years Ended June 30 2017
Cash Flows from Operating Activities:		
Change in net assets	$ 166,153	$ 143,886
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	216,180	213,362
Net realized and unrealized (gain) on investments	(119,948)	(128,572)
Changes in assets and liabilities:		
Cash restricted	131	149
Grants receivable	(142,906)	(138,448)
Promises to give	-	60,000
Prepaid expenses and deposits	2,583	(12,593)
Accounts payable	13,995	(18,860)
Accrued expenses	(8,448)	12,807
Net Cash Provided by Operating Activities	127,740	131,731
Cash Flows from Investing Activities:		
Proceeds from sales of assets unrestricted	705,356	520,925
Purchase of assets unrestricted	(681,941)	(403,823)
Proceeds from sales of assets restricted to endowment	554,762	324,261
Purchase of assets restricted to endowment	(549,977)	(311,478)
Purchase of property and equipment	(13,026)	(86,005)
Net Cash Provided by Investing Activities	15,174	43,880
Cash Flows from Financing Activities:		
Repayment of bank loan	(39,661)	(38,097)
Net Cash Used by Financing Activities	(39,661)	(38,097)
Net Change in Cash and Cash Equivalents	103,253	137,514
Cash and Cash Equivalents, Beginning of Year	1,172,076	1,034,562
Cash and Cash Equivalents, End of Year	$ 1,275,329	$ 1,172,076
Supplemental Information:		
Cash paid during the year for interest	$ 18,156	$ 19,718

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

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2018 and 2017

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.

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:

	Years
Building and improvements	5-39
Equipment and furnishings	5-10
Vehicles	5

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 2018 and 2017 was $6,253 and $6,509, 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:

June 30, 2018	Cost	Market Value	Unrealized Gain/(Loss)
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
	$ 1,479,683	$ 1,636,958	$ 157,275
June 30, 2017			
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
	$ 1,379,558	$ 1,546,434	$ 166,876

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

C. Investments (continued):

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	64,436	55,512	119,948
Brokerage fees	(10,804)	(7,901)	(18,705)
Total Investment Return	$ 96,162	$ 61,767	$ 157,929

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

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and divi dends	$ 47,381	$ 10,666	$ 58,047
Net realized and unrealized gains (losses)	33,662	94,910	128,572
Brokerage fees	(13,336)	(4,283)	(17,619)
Total Investment Return	$ 67,707	$ 101,293	$ 169,000

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:

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:

		Fair Value Hierarchy Level		
June 30, 2018	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	$ -	$ -

		Fair Value Hierarchy Level		
June 30, 2017	Fair Value	Level 1	Level 2	Level 3
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	$ 1,546,434	$ 1,546,434	$ -	$ -

(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	
	2018	2017
Cash and cash equivalents	$ 1,275,329	$ 1,172,076
Grants receivable	528,106	385,200
Cash restricted for capital expenditures	4,724	4,855
Investments unrestricted	885,864	855,199
Investments restricted	751,094	691,236
Financial assets at year -end	3,445,117	3,108,566
Less those unavailable for general expenditures within one year, due to:		
Donor restricted for specific purpose	159,689	159,207
Donor restricted for specific program	293,634	341,161
Donor restricted endowment	751,094	691,236
Financial assets available to meet cash needs for General expenditure within one year	$ 2,240,700	$ 1,916,962

F. Property and Equipment:

	June 30	
	2018	2017
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	769,645	765,575
Vehicles	100,574	100,574
Outreach center	1,566,011	1,557,056
	9,166,679	9,153,654
Less, accumulated depreciation	3,375,890	3,159,711
	$ 5,790,789	$ 5,993,943

Depreciation expense for 2018 and 2017 was $216,180 and $213,362, respectively.

(continued)

G. Notes Payable:

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

	June 30	
	2018	2017
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	$ 138,760	$ 155,527
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	289,350	312,243
Total Notes Payable	$ 428,110	$ 467,770

Notes payable are scheduled to mature as follows:

Year Ending June 30	Amount
2019	$ 41,083
2020	42,640
2020	44,338
2022	46,077
2023	47,896
Thereafter	206,076
Total	$ 428,110

Total interest expense was $18,156 and $19,718 for the years ended June 30, 2018 and 2017, 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, 2018 or 2017.

(continued)

H Concentrations of Revenue:

For the years ended June 30, 2018 and 2017, 47% and 43%, of revenue was derived from governmental sources, respectively.

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

	June 30	
	2018	2017
Specific purpose	$ 709,689	$ 709,207
Specific program	293,634	341,161
	$ 1,003,323	$ 1,050,368

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, 2018 and 2017.

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 considered to be 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 $543,143 and $528,623 at June 30, 2018 and 2017, respectively.

(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, 2018 and 2017, was $1,118,906 and $978,492, 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, 2018 and 2017, employer contributions were made totaling $93,123 and $4,278, respectively.

N. Subsequent Events:

The Organization has evaluated subsequent events through September 19, 2018, the date the financial statements were available to be issued.

O. Related Party Transactions:

The Organization received $291,468 and $297,595 in unrestricted contributions from its affiliate, Hubbard House Foundation, Inc. for the years ended June 30, 2018 and 2017, 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, 2018 and 2017.

(continued)

P. 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, 2018 and 2017 are not included in the financial statements since there is no readily determinable value for such items.

	Years Ended June 30	
	2018	2017
Sales, net of sales tax	$ 310,037	$ 312,970
Recycling, net	3,431	5,260
	313,468	318,230
Expenses:		
Personnel	31,050	182,403
Supplies	1,946	2,275
Telephone	8,742	6,954
Postage	-	122
Occupancy	60,418	74,450
Advertising	3,151	3,401
Equipment repairs and rentals	118	116
Printing	182	-
Transportation	3,781	2,992
Insurance	25,843	24,848
Other	8,615	10,097
	286,199	307,658
Sales to the Public, Net of Direct Expenses	$ 27,269	$ 10,572

Q. 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 $232,066 for 10,473 volunteer hours for the year ended June 30, 2018, and $247,104 for 11,191 volunteer hours for the year ended June 30, 2017.

(continued)

R. Commitments:

Operating leases:

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

Future minimum lease payments are as follows:

Years Ending June 30	Amount
2019	$ 8,375
2020	6,188
2021	3,640
Total	$ 18,203

S. 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, 2018

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	18-2214	$ 176,772
DV Center Basic Needs Agreement	93.671	19-2214-BN	3,189
Transportation PART program needs	93.671	18-22214	42,521
Temporary Assistance for Needy Families	93.558	18-2214	265,804
DV Center Basic Needs Agreement	93.558	19-2214-BN	12,641
NE Florida Healthy Start Coalition - Fatherhood Initiative	N/A	90FK0067-01-00	600
Total U.S. Department of Health and Human Services			501,527
U.S. Department of Justice/			
State of Florida Department of Legal Affairs/			
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V00245	126,873
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V00294	10,157
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V00363	490,750
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V00378	23,755
Florida Coalition Against Domestic Violence/			
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	17-2214-VOCA-LEGAL	56,725
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	18-2214-VOCA LEGAL	154,524
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	17-2214-EJ-VOCA	11,517
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	18-2214-EJ VOCA	34,626
DV Center Basic Needs Agreement - STOP	16.588	19-2214-BN	55,098
Office of Violence Against Women/			
City of Jacksonville/			
OVW Disability Grant Program	16.529	2015-FW-AX-K002	19,220
Total U.S. Department of Justice			983,245
U.S Department of Housing & Urban Development			
Changing Homelessness Jacksonville, Inc./			
Safe Space Project	25 CFR 578.51	FLO526L4H101602	47,050
Safe Space Project	24 CFR 578.51	FLO526L4H101602	23,966
Emergency Food and Shelter Program	97.024	160800-013	17,680
Total U.S. Department of Housing and Urban Development			88,696
U. S. Department of Agriculture			
State of Florida/			
Child and Adult Care Food Program (Food and Nutrition)	10.558	I-065	25,026
Total Expenditures of Federal Awards			$ 1,598,494
State Grantor/Project			
Florida Coalition Against Domestic Violence/			
Domestic Violence Trust Fund	N/A	18-2214	$ 144,469
DV Center Basic Needs Agreement -DVTF II	N/A	18-2214	47,495
DV Center Basic Needs Agreement - DVTF	N/A	19-2214-BN	22,425
DV Center Basic Needs Agreement - DVTF	N/A	19-2214-BN	622
DV Center Basis Needs Agreement -SFCAT - DVTF	N/A	19-2214-BN	1,501
Transportation Participant Program Needs - DVTF	N/A	18-2214	5,882
General Revenue Fund	N/A	18-2214	321,166
DV Center Basis Needs Agreement -SFCAT - GR	N/A	19-2214-BN	9,081
Transportation Participant Program Needs - GR	N/A	18-2214	3,331
Prevention Initiative Project	N/A	18-2214	20,000
Child Protection Investigations (CPI) Project	N/A	18-2214-CPI	165,000
Transportation Participant Program Needs - CPI (GR)	N/A	18-2214	3,438
Total Expenditures of State Funding			$ 744,410

See notes to schedule of awards

NOTES TO SCHEDULE OF AWARDS
Year Ended June 30, 2018

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, 2018. 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 2017-2018

City of Jacksonville Public Service Grants for Fiscal Year 2017/2018 Audit

Receipt of City Funds

	City FY 2016-2017 Grant No. 7027-84	City FY 2017-2018 Grant No. 7027-86
Amount of Award (per City budget ordinance)	$ 150,000	$ 150,000
Actual Funds Received from City in Last Audit Period	(98,710)	-
Actual Amount Received this Period	(50,878)	(105,214)
Amount Remaining to be Distributed	$ 412	$ 44,786

Expenditures of City Funds

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

Item	(Unaudited) Budgeted	Actual 10/1/2016-6/30/2017	Actual 7/1/2017-9/30/2017	Total Actual	Remaining Balance
Telephone	$ 26,000	$ 18,700	$ 7,296	$ 25,996	$ 4
Utilities	107,000	70,010	36,990	107,000	-
Security Monitoring	17,000	10,000	6,592	16,592	408
Total	$ 150,000	$ 98,710	$ 50,878	$ 149,588	$ 412

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

Item	(Unaudited) Budgeted*	Actual 10/1/2017-6/30/2018	Actual 7/1/2018-9/30/2018	Total Actual	Remaining Balance
Telephone	$ 25,116	$ 24,021	$ -	$ 24,021	$ 1,095
Utilities	108,884	70,214	-	70,214	38,670
Security Monitoring	16,000	10,979	-	10,979	5,021
Total	$ 150,000	$ 105,214	$ -	$ 105,214	$ 44,786

* Note: Effective July 1, 2018 budget has been amended.

(continued)

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 2017-2018
(continued)

City of Jacksonville Public Service Grants for Fiscal Year 2017/2018 Audit

Receipt of City Funds

	City FY 2016-2017 Grant No. 7027-85
Amount of Award (per City budget ordinance)	$ 37,206
Actual Funds Received from City in Last Audit Period	(27,755)
Actual Amount Received this Period	(9,451)
Amount Remaining to be Distributed	$ -

Expenditures of City Funds

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

Item	(Unaudited) Budgeted	Actual 10/1/2016-6/30/2017	Actual 7/1/2017-9/30/2017	Total Actual	Remaining Balance
Salaries	$ 28,775	$ 21,151	$ 7,624	$ 28,775	$ -
FICA	1,795	1,525	270	1,795	-
Health Ins.	5,783	4,337	1,446	5,783	-
Dental	96	72	24	96	-
Life Ins.	87	65	22	87	-
Workers Comp.	635	570	65	635	-
Unemployment Ins.	35	35	-	35	-
Retirement	-	-	-	-	-
Total	$ 37,206	$ 27,755	$ 9,451	$ 37,206	$ -

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 2017-2018
(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 Funds Received from City in Last Audit Period	(20,821)
Actual Amount Received this Period	(19,220)
Amount Remaining to be Distributed	$ 83,043

Expenditures of City Funds
City FY 2015-2018 Grant No. 7027-82 - $123,084

Item	(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	Total Actual	Remaining Balance
Compensation							
Salaries - Lead Education Specialist	$ 78,000	$ 17,237	$ 3,608	$ 13,780	$ -	$ 34,625	$ 43,375
Salaries - Chief Operating Officer	14,664	-	-	-	-	-	14,664
Benefits							
Lead Education Specialist							
FICA and Med Tax	5,967	1,318	276	1059	-	2,653	3,314
Retirement	3,900	-	-			-	3,900
Worker's Compensation	1,700	272	100	386	-	758	942
Unemployment	223	30	-	11	-	41	182
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	-	-	-	-	-	3,600
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	$ 123,084	$ 20,821	$ 3,984	$ 15,236	$ -	$ 40,041	$ 83,043

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GARY M. HUGGETT, CPA
DAVID W. HOWIE, CPA

MSW
MASTERS, SMITH & WISBY, P.A.
ACCOUNTANTS & BUSINESS ADVISORS

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, 2018, 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 19, 2018.

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 19, 2018

MSW
MASTERS, SMITH & WISBY, P.A.
ACCOUNTANTS & BUSINESS ADVISORS

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

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, 2018. 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.

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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, 2018.

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.

Masters, Smith + Wisby P.A.

Certified Public Accountants
Jacksonville, Florida

September 19, 2018

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS
Year Ended June 30, 2018

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:

Federal Program	**CFDA No.**
Crime Victim Assistance	16.575
Temporary Assistance for Needy Families	93.558
Family Violence Prevention and Services	93.671

	Federal
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, 2018
(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.