

**HUBBARD HALL PROJECTS, INC.**  
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

# HUBBARD HALL PROJECTS, INC.

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
SUPPLEMENTARY INFORMATION	
Statements of Functional Expenses	11

# NOLAN CERTIFIED PUBLIC ACCOUNTING SERVICES, PLLC

TARA M. NOLAN, CPA  
184 Edie Rd STE B  
Saratoga Springs, NY 12866

Board of Trustees  
Hubbard Hall Projects, Inc.  
25 East Main Street  
Cambridge, NY 12816

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying consolidated financial statements of Hubbard Hall Projects, Inc., a Not-for-Profit Entity, which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements. The prior year summarized comparative information has been derived from Hubbard Hall Projects, Inc.'s 2014 financial statements and, in our report dated September 11, 2014, we expressed an unmodified opinion on those financial statements.

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

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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 Hall Projects, Inc. and the related consolidated statements of activities and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

***Nolan Certified Public Accounting Services, PLLC***

Saratoga Springs, New York  
September 10, 2015

**HUBBARD HALL PROJECTS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

**Assets**

	<u>2015</u>	<u>2014</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 63,826	\$ 71,906
Accounts Receivable	5,291	1,942
Prepaid Expenses	5,761	9,302
<b>Total Current Assets</b>	<u>74,878</u>	<u>83,149</u>
<b>Property and Equipment</b>		
Land, Buildings and Equipment	723,648	671,941
Building Improvements	708,666	708,666
Less: Accumulated Amortization	(1,111)	(977)
Less: Accumulated Depreciation	(480,487)	(448,834)
<b>Total Property and Equipment</b>	<u>950,716</u>	<u>930,796</u>
<b>Other Assets</b>		
Long Term Investments	24,350	24,350
<b>Total Assets</b>	<u>\$ 1,049,944</u>	<u>\$ 1,038,295</u>

**Liabilities & Net Assets**

<b>Current Liabilities</b>		
Accounts Payable	\$ 15,514	\$ 16,183
Line of Credit	-	-
Deferred Revenue	33,707	22,879
Payroll Liabilities	5,743	7,640
Current Installment of Long Term Debt	11,364	11,364
<b>Total Current Liabilities</b>	<u>66,328</u>	<u>58,066</u>
<b>Long Term Debt</b>		
Long Term Debt, excluding Current portion	<u>156,668</u>	<u>168,036</u>
<b>Total Liabilities</b>	<u>222,996</u>	<u>226,102</u>
<b>Unrestricted Net Assets</b>		
Unrestricted	(176,075)	(212,071)
Board Restricted	955,146	955,145
<b>Total Unrestricted</b>	<u>779,071</u>	<u>743,074</u>
<b>Temporarily Restricted Net Assets</b>		
Use Restricted	47,876	69,119
<b>Total Net Assets</b>	<u>826,948</u>	<u>812,193</u>
<b>Total Liabilities &amp; Net Assets</b>	<u>\$ 1,049,944</u>	<u>\$ 1,038,295</u>

**HUBBARD HALL PROJECTS, INC.**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2015**

	<u>2015</u>			<u>2014</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>Revenue and Other Support</b>				
Contributions	\$ 166,926	\$ 38,830	\$ 205,756	\$ 140,706
Grants & Government Contributions	32,000	27,200	59,200	58,686
Program Income	210,905	-	210,905	191,853
Fundraising & Events, Net of Related Expenses of \$10,544 in 2015 and \$5,678 in 2014	18,920	-	18,920	20,345
Membership Dues	11,475	-	11,475	15,467
Management fee	26,160	-	26,160	25,178
Rental Income	17,856	-	17,856	15,098
Miscellaneous Income	108	-	108	543
Interest and Dividend Income	79	80	159	184
Community Service Income	12,693	-	12,693	7,512
Net Assets Released from Restrictions	87,352	(87,352)	0	-
<b>Total Revenue and Other Support</b>	<u>584,475</u>	<u>(21,242)</u>	<u>563,233</u>	<u>475,571</u>
<b>Expenses</b>				
Administrative	63,245	-	63,245	45,601
Buildings & Grounds	54,898	-	54,898	51,855
Payroll Taxes, Expenses & Benefits	32,036	-	32,036	22,560
Salaries & Wages	181,412	-	181,412	139,806
Program Expenses	178,057	-	178,057	145,173
Community Service Expenses	7,043	-	7,043	-
Depreciation	31,653	-	31,653	27,887
Amortization	134	-	134	134
<b>Total Expenses</b>	<u>548,477</u>	<u>-</u>	<u>548,477</u>	<u>433,015</u>
<b>Increase in Net Assets</b>	35,997	(21,242)	14,756	42,556
<b>Net Asset Beginning of Year</b>	743,074	69,119	812,193	769,637
<b>Less: Prior Year Adjustment</b>	-	-	-	-
<b>Net Asset End of Year</b>	<u>\$ 779,071</u>	<u>\$ 47,877</u>	<u>\$ 826,949</u>	<u>\$ 812,193</u>

**HUBBARD HALL PROJECTS, INC.**  
**STATEMENT OF CASH FLOW**  
**JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
Cash Flow from Operating Activities		
Change in Net Assets	\$ 14,756	\$ 42,556
Adjustments to reconcile change in net assets to net cash from operating activities		
Rounding	(2)	-
Depreciation	31,653	27,887
Amortization	134	134
(Increase) Decrease in accounts receivable	(3,349)	1,350
(Increase)Decrease in prepaid expenses	3,541	(7,063)
Increase (Decrease) in accounts payable	(669)	7,438
Increase (Decrease) in line of credit	-	-
Increase (Decrease) in deferred revenue	10,828	(1,201)
Increase ( Decrease) in payroll liabilities	(1,897)	3,265
Net Cash Provided (Used) by Operating Activities	<u>54,995</u>	<u>74,367</u>
Cash Flow from Financing Activities		
Proceeds ( Repayment) of debt	(11,368)	(7,575)
Net Cash Provided ( Used) by Financing Activities	<u>(11,368)</u>	<u>(7,575)</u>
Cash Flow from Investing Activities		
Purchases of Fixed Assets	(51,707)	(20,443)
Net Cash Provided (Used) by Investing Activities	<u>(51,707)</u>	<u>(20,443)</u>
Net increase (decrease) in cash	<u>(8,080)</u>	<u>46,349</u>
Cash and Cash Equivalents, beginning of year	<u>71,906</u>	<u>25,557</u>
Cash and Cash Equivalents, end of year	<u>\$ 63,826</u>	<u>\$ 71,906</u>
Supplemental Information		
Interest Paid:	<u>\$ 8,497</u>	<u>\$ 8,732</u>

**HUBBARD HALL PROJECTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

1. Summary of Significant Accounting Policies

a) Business Activity

Hubbard Hall Projects, Inc. operates an arts center for the cultural benefit of individuals and families within the Cambridge community.

b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, in checking accounts, in savings accounts, and in money market funds. For purposes of the statement of cash flows, Hubbard Hall Projects, Inc. considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

c) Allowance for Doubtful Accounts

The Organization uses the allowance method to account for uncollectible accounts receivable. For the year ended June 30, 2015, bad debt expense was zero.

d) Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2015 was \$14,063

e) Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash deposits in excess of the FDIC insurance limit. The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company is not exposed to any significant credit risk on cash and cash equivalents.

f) Property and Equipment

Property and equipment is carried at cost. Depreciation of property and equipment is computed using the straight-line method at rates based on the following estimated useful lives:

Buildings	10-35 years
Machinery	5-20 years
Autos and trucks	3-7 years
Office equipment	5-15 years
Assets acquired under capital	5-15 years
Leases	
Leasehold improvements	10-20 years



**HUBBARD HALL PROJECTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

f) Property and Equipment cont'd

The cost of assets sold, retired, or otherwise disposed of and the related allowance for depreciation is eliminated from the accounts, and any resulting gain or loss is included in operations. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

Depreciation expense for the year ended June 30, 2015 amounted to \$31,653.

g) Income Taxes

Hubbard Hall Projects, Inc. is an organization exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code; therefore, there is no provision for federal income taxes. The Organization has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements. Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred. The Organization is no longer subject to examination by federal and state taxing authorities for years prior to fiscal year ended June 30, 2013.

h) Estimates

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

i) Assets and Liabilities and Revenues and Expenses

Assets and liabilities and revenues and expenses are recognized on the accrual basis of accounting.

**HUBBARD HALL PROJECTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

j) Significant Accounting Policies

Accounting for Net Assets – The organization’s net assets, the excess of assets over liabilities are reported in three mutually exclusive classes:

- *Permanently Restricted* – Net Assets resulting from inflows of assets whose use is limited by donor-imposed restrictions, which do not expire with the passage of time.
- *Temporarily Restricted* – Net Assets resulting from inflows of assets whose use is limited by donor-imposed restrictions, which expire by the passage of time or are fulfilled by action of the organization.
- *Unrestricted* – Net assets that are neither permanently or temporarily restricted.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor restricted contributions and investment returns are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

2. Investments

Hubbard Hall Projects, Inc. records its investments using the equity method.

2015

The Village Store	<u>\$ 24,350</u>
Total Investments	<u>\$ 24,350</u>

3. Deferred Revenue

Deferred revenue represents monies collected in advance for the following year’s activities. The income and expenses associated with the account balance will be reflected in the financial statement of the following year. The deferred revenue account balance as of June 30, 2015 was \$33,707.

4. Contributed Services

During the year ended June 30, 2015, the value of contributed services meeting the requirements for recognition in the financial statements was \$175.00. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in various programs, but these services do not meet the criteria for recognition as contributed services.

**HUBBARD HALL PROJECTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

5. Net Assets

The following is a summary of board restricted net assets:

	<u>6/30/2015</u>
Reserve for Investments	\$ 24,350
Reserve for Fixed Assets	<u>950,716</u>
Total	<u>\$ 955,146</u>

The following is a summary of temporarily restricted net assets:

	<u>6/30/2015</u>
Director's Fund	\$ 24,513
Scholarship Fund	1,830
Use Restricted	<u>21,543</u>
Total	<u>\$ 47,876</u>

6. Long-Term Debt

	<u>2015</u>
Loan payable to Benjamin White, Monthly installments of \$537.46, 3% interest, matures September 2023	\$ 47,083
Mortgage Payable to Community District Loan Fund Inc, monthly installments of \$1,055.98, 5% interest, matures August 01, 2018.	<u>\$ 120,949</u>
Total Long Term Debt	\$ 168,032
<u>Less: Current Portion</u>	<u>( 11,364)</u>
Net Long Term Debt	<u>\$ 156,668</u>

Maturities of Long Term Debt are as follows:

June 30

2015	\$11,364
2016	11,364
2017	11,843
2018	12,343
2019	13,030
2020	13,892

**HUBBARD HALL PROJECTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

7. Line of Credit

On July 23, 2013 Hubbard Hall Projects, Inc. was granted a secured line of credit in the amount of \$29,165 at 6% interest to meet operating cash flow requirements by The Community Loan Fund of the Capital Region. Any and all principal and interest is due in full on July 1, 2015. The Balance of the Line of Credit was \$0 as of June 30, 2015.

8. Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses (See Supplemental Information). Accordingly, certain expenses have been allocated among the programs, fundraising events, general and administrative expenses.

Functional Expenses for the year ended June 30, 2015 are as follows:

Program	\$427,340
Management and General	77,437
Fundraising	<u>43,700</u>
Total	<u>\$548,477</u>

9. Subsequent Events

Management has evaluated subsequent events through September 10, 2015, the date of the audit report. Management has determined that no events require disclosure.

10. Prior Year Summarized Data

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

**Supplementary  
Information**

**HUBBARD HALL PROJECTS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**JUNE 30, 2015**

	<b>2015</b>			<b>2014</b>	
	<b>Program</b>	<b>Management</b>	<b>Fundraising</b>	<b>Total</b>	<b>Total</b>
Staff Salaries & Wages	\$ 100,626	\$ 53,164	\$ 27,622	\$ 181,412	\$ 139,806
Payroll Taxes & Expenses	22,425	6,407	3,204	32,036	21,110
Employee Benefits	-	-	-	-	1,450
Advertising	14,063	-	-	14,063	5,565
Amortization	134	-	-	134	134
Artist Fees	88,695	-	-	88,695	87,495
Bank Charges	-	1,029	-	1,029	1,471
Bad Debt	-	-	-	-	-
Concession Expenses	266	-	-	266	82
Community Service	7,043	-	-	7,043	-
Credit Card Charges	-	5,886	-	5,886	4,937
Depreciation	31,653	-	-	31,653	27,887
Dues & Subscriptions	-	1,080	-	1,080	1,000
Equipment Expense	5,439	-	-	5,439	-
Equipment Maintenance	-	-	-	-	-
Finance Charge	-	24	-	24	43
Insurance	7,522	1,513	-	9,035	9,957
Interest	6,260	2,237	-	8,497	8,732
Misc. Expense	594	-	-	594	1,075
Office Expense	3,867	1,103	1,129	6,099	4,396
Postage & Shipping	2,090	596	610	3,297	1,952
Printing & Publications	8,962	-	8,962	17,924	11,203
Production Expenses	30,606	-	-	30,606	14,677
Professional Fees	-	3,175	-	3,175	4,348
Program Expenses	2,673	-	-	2,673	1,836
Property Taxes	91	-	-	91	700
Repairs & Maintenance	13,579	-	-	13,579	5,889
Supplies	5,317	-	-	5,317	3,976
Telephone	1,703	486	497	2,686	3,150
Travel	-	738	-	738	172
Utilities	21,679	-	-	21,679	25,448
Website	1,675	-	1,675	3,351	3,442
Workshop Expenses	50,378	-	-	50,378	41,083
<b>Total Expenses</b>	<b>\$ 427,340</b>	<b>\$ 77,437</b>	<b>\$ 43,700</b>	<b>\$ 548,477</b>	<b>\$ 433,016</b>