

**HUBBARD HALL PROJECTS, INC.**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

# HUBBARD HALL PROJECTS, INC.

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# 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**

We have audited the accompanying consolidated financial statements of Hubbard Hall Projects, Inc., a Not-for-Profit Entity, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to 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.

***Report on Summarized Comparative Information***

We have previously audited Hubbard Hall Projects, Inc.'s June 30, 2016 financial statements, as we expressed an unmodified audit opinion on those audited financials in our report dated September 30, 2016. In our opinion, the summarized comparative information presentation herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Saratoga Springs, New York  
October 25, 2017

**HUBBARD HALL PROJECTS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

**Assets**

Current Assets	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	\$ 88,839	\$ 83,887
Accounts Receivable	2,952	11,617
Inventory on Consignment	1,538	-
Prepaid Expenses	8,932	9,264
<b>Total Current Assets</b>	<u>102,261</u>	<u>104,768</u>
<b>Property and Equipment</b>		
Buildings and Equipment	723,648	723,648
Building Improvements	736,724	708,666
Less: Accumulated Amortization	(1,379)	(1,245)
Less: Accumulated Depreciation	(543,744)	(511,940)
<b>Total Property and Equipment</b>	<u>915,249</u>	<u>919,129</u>
<b>Other Assets</b>		
Long Term Investments	-	24,350
<b>Total Assets</b>	<u>\$ 1,017,510</u>	<u>\$ 1,048,247</u>

**Liabilities & Net Assets**

<b>Current Liabilities</b>		
Accounts Payable	\$ 23,220	\$ 23,270
Line of Credit	-	-
Security Deposit	1,000	-
Deferred Revenue	35,121	35,853
Payroll Liabilities	3,068	3,153
Current Installment of Long Term Debt	(12,343)	11,843
<b>Total Current Liabilities</b>	<u>50,066</u>	<u>74,119</u>
<b>Long Term Debt</b>		
Long Term Debt, excluding Current portion	<u>157,341</u>	<u>145,455</u>
<b>Total Liabilities</b>	<u>207,407</u>	<u>219,574</u>
<b>Unrestricted Net Assets</b>		
Unrestricted	(158,599)	(171,598)
Board Restricted	915,249	943,479
<b>Total Unrestricted</b>	<u>756,650</u>	<u>771,881</u>
<b>Temporarily Restricted Net Assets</b>		
Use Restricted	<u>53,453</u>	<u>56,792</u>
<b>Total Net Assets</b>	<u>810,103</u>	<u>828,673</u>
<b>Total Liabilities &amp; Net Assets</b>	<u>\$ 1,017,510</u>	<u>\$ 1,048,247</u>

**HUBBARD HALL PROJECTS, INC.**  
**STATEMENT OF ACTIVITES**  
**JUNE 30, 2017**

	<u>2017</u>			<u>2016</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>Revenue and Other Support</b>				
Contributions	\$ 145,271	\$ 27,374	\$ 172,645	\$ 190,486
Grants & Government Contributions	47,000	40,800	87,800	85,235
Program Income	193,164	-	193,164	187,534
Fundraising & Events, Net of Related Expenses of \$9,109 in 2017 and \$10,408 in 2016	17,471	-	17,471	17,138
Management fee	8,684	-	8,684	31,170
Rental Income	11,960	-	11,960	11,105
Miscellaneous Income	536	-	536	80
Interest and Dividend Income	43	-	43	92
Community Service Income	9,994	-	9,994	7,790
Net Assets Released from Restrictions	71,513	(71,513)	-	-
	<u>505,636</u>	<u>(3,339)</u>	<u>502,297</u>	<u>530,630</u>
<b>Expenses</b>				
Administrative	56,573	-	56,573	76,566
Buildings & Grounds	57,419	-	57,419	45,939
Payroll Taxes, Expenses & Benefits	32,968	-	32,968	28,376
Salaries & Wages	187,616	-	187,616	201,882
Program Expenses	127,186	-	127,186	143,896
Community Service Expenses	11,101	-	11,101	657
Depreciation	31,804	-	31,804	31,453
Amortization	134	-	134	134
	<u>504,801</u>	<u>-</u>	<u>504,801</u>	<u>528,903</u>
<b>Less: Write down of investment</b>	(16,066)	-	(16,066)	-
<b>Increase in Net Assets</b>	(15,231)	(3,339)	(18,570)	1,727
<b>Net Asset Beginning of Year</b>	771,881	56,792	828,673	826,947
<b>Net Asset End of Year</b>	<u>\$ 756,650</u>	<u>\$ 53,453</u>	<u>\$ 810,103</u>	<u>\$ 828,673</u>

**HUBBARD HALL PROJECTS, INC.**  
**STATEMENT OF CASH FLOW**  
**JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>
Cash Flow from Operating Activities		
Change in Net Assets	\$ (18,570)	\$ 1,725
Adjustments to reconcile change in net assets to net cash from operating activities		
Prior Period Adjustment	-	-
Depreciation	31,804	31,453
Amortization	134	134
(Increase) Decrease in accounts receivable	8,665	(6,326)
(Increase) Decrease in inventory	(1,538)	-
(Increase) Decrease in prepaid expenses	332	(3,503)
Increase (Decrease) in accounts payable	(50)	7,755
Increase (Decrease) in security deposit	1,000	-
Increase (Decrease) in line of credit	-	-
Increase (Decrease) in deferred revenue	(732)	2,146
Increase ( Decrease) in payroll liabilities	(85)	(2,590)
Net Cash Provided (Used) by Operating Activities	<u>20,960</u>	<u>30,794</u>
Cash Flow from Financing Activities		
Proceeds ( Repayment) of debt	(12,300)	(10,734)
Net Cash Provided ( Used) by Financing Activities	<u>(12,300)</u>	<u>(10,734)</u>
Cash Flow from Investing Activities		
Purchases of Fixed Assets	(28,058)	-
(Increase) Decrease in investment	24,350	-
Net Cash Provided ( Used) by Investing Activities	<u>(3,708)</u>	<u>-</u>
Net increase (decrease) in cash	<u>4,952</u>	<u>20,060</u>
Cash and Equivalents, beginning of year	<u>83,886</u>	<u>63,826</u>
Cash and Cash Equivalents, end of year	<u>\$ 88,838</u>	<u>\$ 83,886</u>
Supplemental Information		
Interest Paid:	<u>\$ 7,443</u>	<u>\$ 8,762</u>

**HUBBARD HALL PROJECTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**1. Summary of Significant Accounting Policies**

Business Activity

Hubbard Hall Projects, Inc. operates an arts and education center for the cultural benefit of individuals and families within Washington County and the tri-state region of Cambridge NY.

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.

Allowance for Doubtful Accounts

The Organization uses the allowance method to account for uncollectible accounts receivable. For the year ended June 30, 2017, bad debt expense was \$0.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2017 were \$10,376.

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.

Buildings and Equipment

Fixed assets are carried at cost, less accumulated depreciation. Donated assets are carried at fair market value at the date of donation less accumulated depreciation. Maintenance and repairs are charged to operations. Renewals and betterments that materially extend the life of an asset are capitalized. Gains and losses from the sale of equipment are included in income. Depreciation is calculated on a straight-line basis utilizing the assets' estimated useful lives.



**HUBBARD HALL PROJECTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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, 2014.

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.

Assets and Liabilities and Revenues and Expenses

Assets and liabilities and revenues and expenses are recognized on the accrual basis of accounting. Expenses are recorded as decreases in unrestricted net assets.

Financial Statement Presentation

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.

**HUBBARD HALL PROJECTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**2. Cash & Cash Equivalents**

Cash and Cash Equivalents as of June 30, 2017 consisted of \$88,839. All deposits are insured up the FDIC limit of \$250,000.

**3. Accounts Receivable**

Accounts receivable as June 30, 2017 totaled \$2,952. This amount represents \$1,718 due for program expenses or business advertising and a \$1,234 unconditional promise to give. The organization expects the total \$2,952 to be collected in the upcoming year, therefore no allowance for has been recorded for the year.

**4. 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

A Summary of Property and Equipment as of June 30, 2017 is:

Buildings and Equipment	723,648
Building Improvements	736,724
Less: Accumulated Amortization	(1,379)
Less: Accumulated Depreciation	<u>(543,744)</u>
Total Property and Equipment	<u>915,249</u>

Depreciation expense for the year ended June 30, 2017 totaled \$31,804.

**HUBBARD HALL PROJECTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**5. Long-Term Debt**

	<u>2017</u>
Loan payable to Benjamin White, Monthly installments of \$537.46, 3% interest, matures September 2023	\$ 36,714
Mortgage Payable to Community District Loan Fund Inc, monthly installments of \$1,055.98, 5% interest, matures August 01, 2028.	<u>\$ 108,284</u>
Total Long Term Debt	\$ 144,998
Less: <u>Current Portion</u>	<u>( 12,343)</u>
Net Long Term Debt	<u>\$ 132,655</u>

Maturities of Long Term Debt are as follows:

<u>June 30</u>	
2018	12,343
2019	13,030
2020	13,892
2021	14,576
2022	15,201

**HUBBARD HALL PROJECTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**6. 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, 2017 was \$35,121.

**7. Contributed Services**

During the year ended June 30, 2017, the value of contributed services meeting the requirements for recognition in the financial statements was \$2,002. 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.

**8. Line of Credit**

On July 29, 2014 Hubbard Hall Projects, Inc. was granted a secured line of credit in the amount of \$40,000 at 6% interest to meet operating cash flow requirements by The Community Loan Fund of the Capital Region. The Balance of the Line of Credit was \$0 as of June 30, 2017.

**9. 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, 2017 are as follows:

Program	\$409,674
Management and General	56,619
Fundraising	<u>38,508</u>
Total	<u>\$504,801</u>

**HUBBARD HALL PROJECTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**10. Investment in The Village Store**

During the fiscal year The Village Store was liquidated and inventory sold off. The organization had originally invested \$24,350 into this entity. After its closing, the Organization received \$8,238 of cash and inventory, recognizing a loss of \$16,067 on the investment.

**11. Net Assets**

The following is a summary of board restricted net assets:

	<u>6/30/2017</u>
Reserve for Fixed Assets	<u>\$ 915,249</u>
Total	<u>\$ 915,249</u>

The following is a summary of temporarily restricted net assets:

	<u>6/30/2017</u>
Scholarship Fund	<u>\$ 2,694</u>
Use Restricted	<u>50,759</u>
Total	<u>\$ 53,453</u>

**12. Subsequent Events**

Management has evaluated subsequent events through October 25, 2017 the date of the audit report and has determined none such require disclosure.

**Supplementary  
Information**

**HUBBARD HALL PROJECTS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**JUNE 30, 2017**

	<u>2017</u>			<u>2016</u>	
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Staff Salaries & Wages	\$ 126,319	\$ 37,448	\$ 23,849	\$ 187,616	\$ 201,882
Payroll Taxes & Expenses	25,583	4,517	2,868	32,968	28,376
Employee Benefits	-	-	-	-	-
Advertising	10,376	-	-	10,376	17,384
Amortization	134	-	-	134	134
Artist Fees	55,537	-	-	55,537	59,583
Bank Charges	-	220	-	220	865
Bad Debt	-	-	-	-	500
Concession Expenses	668	-	-	668	796
Community Service	11,101	-	-	11,101	657
Credit Card Charges	-	5,866	-	5,866	5,942
Depreciation	31,804	-	-	31,804	31,453
Dues & Subscriptions	-	545	-	545	345
Equipment Expense	1,372	-	-	1,372	4,820
Equipment Maintenance	-	-	-	-	-
Finance Charge	-	20	-	20	5
Insurance	8,816	1,023	-	9,839	8,450
Interest	5,634	1,809	-	7,443	8,762
Misc. Expense	1,727	-	-	1,727	1,816
Office Expense	5,799	1,439	1,104	8,341	7,792
Postage & Shipping	2,217	550	422	3,189	4,462
Printing & Publications	8,470	-	8,470	16,939	26,919
Production Expenses	27,091	-	-	27,091	28,326
Professional Fees	-	2,275	-	2,275	2,275
Program Expenses	1,053	-	-	1,053	2,804
Property Taxes	97	-	-	97	96
Repairs & Maintenance	18,406	-	-	18,406	9,912
Supplies	3,834	-	-	3,834	5,492
Telephone	1,722	427	328	2,477	2,538
Travel	-	480	-	480	1,633
Utilities	18,982	-	-	18,982	14,032
Website	1,468	-	1,468	2,936	3,131
Workshop Expenses	41,465	-	-	41,465	47,721
<b>Total Expenses</b>	<b>\$ 409,674</b>	<b>\$ 56,619</b>	<b>\$ 38,508</b>	<b>\$ 504,801</b>	<b>\$ 528,903</b>