

**HUBBARD HALL PROJECTS, INC.**

**CAMBRIDGE, NEW YORK**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**WITH COMPARATIVE 2017 TOTALS**

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## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To the Board of Trustees  
Hubbard Hall Projects, Inc.  
Cambridge, New York

We have reviewed the accompanying financial statements of Hubbard Hall Projects, Inc. (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

### **Accountants' Responsibility**

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

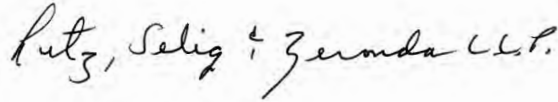
### **Report on 2017 Financial Statements**

The financial statements of Hubbard Hall Projects, Inc. as of June 30, 2017, were audited by other accountants whose report dated October 25, 2017, stated that based on their procedures, they were not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

## Summarized Comparative Information

We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2017, for it to be consistent with the prior accountants audited financial statement from which it was derived.

Latham, New York  
September 28, 2018



Rutz, Selig & Zermuda LLP



**HUBBARD HALL PROJECTS, INC.**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2018**

**(WITH COMPARATIVE 2017 TOTALS)**

<b><u>ASSETS</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
CURRENT ASSETS:		
Cash and cash equivalents (Note 1)	\$ 50,801	\$ 88,839
Accounts receivable (Note 1 and 6)	6,781	2,952
Inventory (Note 1)	1,538	1,538
Prepaid expenses	<u>6,242</u>	<u>8,932</u>
Total current assets	<u>\$ 65,362</u>	<u>\$ 102,261</u>
PROPERTY AND EQUIPMENT - NET (Notes 1 and 2)	<u>\$ 933,417</u>	<u>\$ 914,621</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 998,779</u></b>	<b><u>\$ 1,016,882</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
CURRENT LIABILITIES:		
Current maturities of long term debt (Note 4)	\$ 14,725	\$ 12,343
Accounts payable	17,874	23,220
Security deposit	1,000	1,000
Deferred class revenue (Notes 1 and 3)	38,611	35,121
Payroll liabilities	<u>1,940</u>	<u>3,068</u>
Total current liabilities	<u>\$ 74,150</u>	<u>\$ 74,752</u>
LONG TERM DEBT		
Long term debt (Notes 1 and 4)	<u>\$ 159,707</u>	<u>\$ 132,027</u>
Total liabilities	<u>\$ 233,857</u>	<u>\$ 206,779</u>
NET ASSETS:		
Unrestricted	\$ 743,468	\$ 756,650
Temporarily restricted (Notes 1 and 8)	<u>21,454</u>	<u>53,453</u>
Total net assets	<u>\$ 764,922</u>	<u>\$ 810,103</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 998,779</u></b>	<b><u>\$ 1,016,882</u></b>

See independent accountants' review report and notes to financial statements.

**HUBBARD HALL PROJECTS, INC.**

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**  
**(WITH COMPARATIVE 2017 TOTALS)**

	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>2018 Total</u></b>	<b><u>2017 Total</u></b>
SUPPORT AND REVENUE:				
Support:				
Contributions	\$ 140,680	\$ 3,849	\$ 144,529	\$ 172,645
Grants	20,000	28,150	48,150	87,800
Fundraising	14,728	-	14,728	17,471
Net assets released from restriction	<u>63,998</u>	<u>(63,998)</u>	<u>-</u>	<u>-</u>
Total support	<u>\$ 239,406</u>	<u>\$ (31,999)</u>	<u>\$ 207,407</u>	<u>\$ 277,916</u>
Revenue:				
Program income	\$ 203,016	\$ -	\$ 203,016	\$ 193,164
Rental income	14,441	-	14,441	11,960
Miscellaneous income	435	-	435	536
Interest and dividend income	28	-	28	43
Community service income	1,082	-	1,082	9,994
Management fee	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,684</u>
Total revenue	<u>\$ 219,002</u>	<u>\$ -</u>	<u>\$ 219,002</u>	<u>\$ 224,381</u>
Total support and revenue	<u>\$ 458,408</u>	<u>\$ (31,999)</u>	<u>\$ 426,409</u>	<u>\$ 502,297</u>
OPERATING EXPENSES:				
Program services	\$ 384,243	\$ -	\$ 384,243	\$ 409,674
Management and general	48,572	-	48,572	56,619
Fundraising	38,775	-	38,775	38,508
Write down of inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,066</u>
Total expenses	<u>\$ 471,590</u>	<u>\$ -</u>	<u>\$ 471,590</u>	<u>\$ 520,867</u>
CHANGES IN NET ASSETS	\$ (13,182)	\$ (31,999)	\$ (45,181)	\$ (18,570)
NET ASSETS - BEGINNING	<u>756,650</u>	<u>53,453</u>	<u>810,103</u>	<u>828,673</u>
NET ASSETS - END	<u><b>\$ 743,468</b></u>	<u><b>\$ 21,454</b></u>	<u><b>\$ 764,922</b></u>	<u><b>\$ 810,103</b></u>

See independent accountants' review report and notes to financial statements.

**HUBBARD HALL PROJECTS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**  
**(WITH COMPARATIVE 2017 TOTALS)**

	<b><u>Program Services</u></b>	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total 2018</u></b>	<b><u>Total 2017</u></b>
Salaries	\$ 89,218	\$ 27,817	\$ 19,893	\$ 136,928	\$ 187,616
Payroll taxes	<u>15,059</u>	<u>2,143</u>	<u>1,533</u>	<u>18,735</u>	<u>20,914</u>
Total personnel	\$ 104,277	\$ 29,960	\$ 21,426	\$ 155,663	\$ 208,530
Artist fees	70,392	-	-	70,392	55,537
Workshop expenses	43,784	-	-	43,784	41,465
Depreciation	32,998	-	-	32,998	31,804
Production expenses	31,488	-	-	31,488	27,091
Printing	11,477	-	11,476	22,953	16,939
Insurance	20,216	860	-	21,076	21,893
Utilities	19,621	-	-	19,621	18,982
Repairs and maintenance	12,811	-	-	12,811	18,406
Advertising	10,308	-	-	10,308	10,376
Website	4,482	-	4,482	8,964	2,936
Interest	4,345	4,228	-	8,573	7,577
Bank/credit card charges	-	7,573	-	7,573	6,106
Office expense	3,183	793	605	4,581	8,341
Community services	3,442	-	-	3,442	11,101
Postage and shipping	2,102	523	400	3,025	3,189
Telephone	2,030	506	386	2,922	2,477
Supplies	2,556	-	-	2,556	3,834
Equipment expense	2,340	-	-	2,340	1,372
Professional fees	-	2,275	-	2,275	2,275
Dues and subscriptions	-	1,169	-	1,169	545
Program expenses	1,019	-	-	1,019	1,053
Rent	750	-	-	750	1,650
Travel	-	600	-	600	480
Concession expenses	422	-	-	422	668
Property taxes	200	-	-	200	97
Miscellaneous	<u>-</u>	<u>85</u>	<u>-</u>	<u>85</u>	<u>77</u>
Total expenses	<b><u>\$ 384,243</u></b>	<b><u>\$ 48,572</u></b>	<b><u>\$ 38,775</u></b>	<b><u>\$ 471,590</u></b>	<b><u>\$ 504,801</u></b>

See independent accountants' review report and notes to financial statements.

**HUBBARD HALL PROJECTS, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2018**  
**(WITH COMPARATIVE 2017 TOTALS)**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (45,181)	\$ (18,570)
Adjustments to reconcile changes in unrestricted net assets to net cash provided by (applied to) operating activities:		
Depreciation	32,998	31,804
Amortization of loan cost to interest expense	134	134
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(3,829)	8,665
Inventory	-	(1,538)
Prepaid expenses	2,690	332
Increase (decrease) in:		
Accounts payable	(5,346)	(50)
Security deposit	-	1,000
Deferred revenue	3,490	(732)
Payroll liabilities	<u>(1,128)</u>	<u>(85)</u>
Net cash (applied to) provided by operating activities	<u>\$ (16,172)</u>	<u>\$ 20,960</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of debt	<u>\$ (15,072)</u>	<u>\$ (12,300)</u>
Net cash applied to financing activities	<u>\$ (15,072)</u>	<u>\$ (12,300)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	\$ (6,794)	\$ (28,058)
Decrease in investment	<u>-</u>	<u>24,350</u>
Net cash applied to investment activities	<u>\$ (6,794)</u>	<u>\$ (3,708)</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>\$ (38,038)</b>	<b>\$ 4,952</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>88,839</u>	<u>83,887</u>
<b>CASH AND CASH EQUIVALENTS - END</b>	<u><b>\$ 50,801</b></u>	<u><b>\$ 88,839</b></u>

See independent accountants' review report and notes to financial statements.



**HUBBARD HALL PROJECTS, INC.**

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2018**  
**(WITH COMPARATIVE 2017 TOTALS)**

	<u>2018</u>	<u>2017</u>
SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION:		
Cash paid during the year:		
Interest	\$ 8,439	\$ 7,443
SCHEDULE OF NONCASH ACTIVITIES:		
Equipment purchased through issuance of debt	\$ 45,000	\$ -

See independent accountants' review report and notes to financial statements.

**HUBBARD HALL PROJECTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(WITH COMPARATIVE 2017 TOTALS)**

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) **Nature of Activities**

Hubbard Hall Projects, Inc. (the “Organization”) a not-for-profit corporation 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.

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) **Reporting Requirements and Financial Statement Presentation**

The Organization has adopted FASB codification topic Presentation of Financial Statements for Not-For-Profit Entities and is required to report information regarding its financial position and activities per three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Foundation is required to present a statement of cash flows.

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Organization’s Board of Trustees.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

The accompanying financial statements include the Organization’s unrestricted and temporarily restricted net assets. As of June 30, 2018 the Organization had no permanently restricted net assets.

d) **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

e) **Advertising**

Advertising costs are expenses as incurred. For the years ended June 30, 2018 and 2017, advertising expense was \$10,308 and \$10,376.

**HUBBARD HALL PROJECTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(WITH COMPARATIVE 2017 TOTALS)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**f) Property and Equipment**

Purchased property and equipment is carried at cost. If donated, the asset is carried at the fair value as of the date of the donation. Expenditures for major renewals and betterments that extend the useful lives of property are capitalized. Repairs and maintenance charged are expensed as incurred. Depreciation is provided using straight-line methods over estimated useful lives which vary from 5 to 40 years.

**g) Inventory**

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-11, "Simplifying the Measurement of Inventory", which resulted in a change in the way the Organization measures the value of inventory. The Organization adopted this change prospectively as required, and as a result, inventory is stated at the lower of cost (first-in, first-out) and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The change did not have an impact on net assets, revenue, or cash flow provided by in operations for any period presented.

**h) Income Taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision is made for the current or deferred tax expense. The Organization uses the same accounting methods for income tax and financial reporting.

Newly effective accounting standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure, and transition.

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 ending June 30, 2015.

**i) Comparative Totals Summarized Financial Information for 2017**

The financial information for the year ended June 30, 2017, presented for comparative purposes, is not intended to be a complete financial statement presentation. Accordingly, such information should be read in conjunction with Hubbard Hall Projects, Inc.'s financial statements for the year ended June 30, 2017, from which the summarized information was derived. Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

**HUBBARD HALL PROJECTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(WITH COMPARATIVE 2017 TOTALS)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**j) Subsequent Events**

The Organization has evaluated subsequent events through September 28, 2018 which is the date the financial statements were available to be issued. There are no material subsequent events which require recognition or disclosure.

**k) Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus, accounts receivable do not bear interest, although a finance charges may be applied to receivables that are past due. Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has not been provided, as it is management's opinion that losses, if any, would not be material to the financial statements.

**l) Debt Issuance Costs**

In 2017, the Organization retroactively adopted the requirements in FASB ASC 835-30 to present debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset (Note 4). The costs are amortized using the interest method over the life of the debt. Amortization of the debt issuance costs is now reported in interest expense in the statements of activities.

**2) PROPERTY AND EQUIPMENT**

A schedule of property and equipment is as follows:

	<b>2018</b>	<b>2017</b>
Buildings and equipment	\$ 721,641	\$ 721,641
Building improvements	788,518	736,724
Totals	\$ 1,510,159	\$ 1,458,365
Less accumulated depreciation	(576,742)	(543,744)
<b>PROPERTY AND EQUIPMENT</b>	<b>\$ 933,417</b>	<b>\$ 914,621</b>

Depreciation expense was \$32,998 and \$31,804 for the years ended June 30, 2018 and 2017.

**HUBBARD HALL PROJECTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(WITH COMPARATIVE 2017 TOTALS)**

**3) DEFERRED CLASS 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 was \$38,611 and \$35,121 for the years ended June 30, 2018 and 2017.

**4) LONG-TERM DEBT**

Long-term debt consists of the following:

	<b>2018</b>	<b>2017</b>
Loan payable to Benjamin White in monthly installments of \$537, including interest at 3%; matures September 2023.	\$ 31,302	\$ 36,714
Mortgage payable to Community District Loan Fund Inc. in monthly installments of \$1,056, including interest at 5%; matures August 2028. Less unamortized loan costs of \$494 and \$628.	99,329	107,656
Mortgage payable to Community District Loan Fund Inc. in monthly installments of \$358, including interest at 5%; matures December 2032.	43,801	-
Totals	\$ 174,432	\$ 144,370
Less current maturities	(14,725)	(12,343)
<b>LONG-TERM DEBT</b>	<b>\$ 159,707</b>	<b>\$ 132,027</b>

Maturities of long-term debt as of June 30, 2018 are as follows:

2019	\$ 14,725
2020	16,248
2021	16,960
2022	17,705
2023	18,484
Thereafter	90,804
<b>TOTAL</b>	<b>\$ 174,926</b>

Debt issuance costs are being amortized to interest expense in the amount of \$134 each year until 2022.

Interest expense on all debt was \$8,573 and \$7,577 for the years ended June 30, 2018 and 2017.

**HUBBARD HALL PROJECTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(WITH COMPARATIVE 2017 TOTALS)**

**5) CONTRIBUTED SERVICES**

During the years ended June 30, 2018 and 2017, the value of contributed services meeting the requirements for recognition in the financial statements were \$2,520 and \$2,002, respectively. 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.

**6) LINE OF CREDIT**

The Organization maintains a secured line of credit with The Community Loan Fund of the Capital Region. The line has a maximum loan availability of \$40,000 and bears interest at 6%. There was no balance on the line of credit as of June 30, 2018 and 2017. The line is secured by NYSCA grants and receivables.

**7) INVESTMENTS IN THE VILLAGE STORE**

During the year ended June 30, 2017 the Organization's investment in 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 \$8,283 of cash and inventory, and recognized a loss of \$16,067 on the investment.

**8) TEMPORARILY RESTRICTED NET ASSETS**

Net assets are temporarily restricted for the following purposes:

	<u>2018</u>	<u>2017</u>
Scholarship fund	\$ 2,998	\$ 2,694
Facility Design	6,456	-
Community Garden	10,000	-
Other restricted uses	<u>2,000</u>	<u>50,759</u>
Temporarily restricted net assets	<u>\$ 21,454</u>	<u>\$ 53,453</u>