

HUBBARD HALL PROJECTS, INC.

CAMBRIDGE, NEW YORK

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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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 statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. 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 reviews, 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.

Latham, New York
November 6, 2019

HUBBARD HALL PROJECTS, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents (Note 1)	\$ 147,882	\$ 50,801
Accounts receivable (Note 1)	5,456	6,781
Inventory (Note 1)	1,461	1,538
Security deposit	700	-
Prepaid expenses	<u>9,481</u>	<u>6,242</u>
Total current assets	<u>\$ 164,980</u>	<u>\$ 65,362</u>
PROPERTY AND EQUIPMENT - NET (Notes 1 and 2)	<u>\$ 906,732</u>	<u>\$ 933,417</u>
TOTAL ASSETS	<u>\$ 1,071,712</u>	<u>\$ 998,779</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Current maturities of long term debt (Note 4)	\$ 16,248	\$ 14,725
Accounts payable	18,006	17,875
Security deposit	1,000	1,000
Deferred class revenue (Notes 1 and 3)	39,608	38,610
Payroll liabilities	<u>2,207</u>	<u>1,940</u>
Total current liabilities	<u>\$ 77,069</u>	<u>\$ 74,150</u>
LONG TERM DEBT		
Long term debt (Notes 1 and 4)	<u>\$ 142,825</u>	<u>\$ 159,707</u>
Total liabilities	<u>\$ 219,894</u>	<u>\$ 233,857</u>
NET ASSETS: (Note 1)		
Without donor restrictions	\$ 773,474	\$ 743,468
With donor restrictions (Note 7)	<u>78,344</u>	<u>21,454</u>
Total net assets	<u>\$ 851,818</u>	<u>\$ 764,922</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,071,712</u>	<u>\$ 998,779</u>

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

HUBBARD HALL PROJECTS, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2019</u> <u>Total</u>
SUPPORT AND REVENUE:			
Support:			
Contributions	\$ 125,540	\$ 7,335	\$ 132,875
Grants	50,000	118,200	168,200
Gross special events revenue	35,578	-	35,578
Less cost of direct benefit to donors	<u>(13,558)</u>	<u>-</u>	<u>(13,558)</u>
Net special events revenue	\$ 22,020	\$ -	\$ 22,020
Net assets released from restriction	<u>68,645</u>	<u>(68,645)</u>	<u>-</u>
Total support	<u>\$ 266,205</u>	<u>\$ 56,890</u>	<u>\$ 323,095</u>
Revenue:			
Program income	\$ 191,639	\$ -	\$ 191,639
Rental income	14,696	-	14,696
Miscellaneous income	103	-	103
Interest and dividend income	650	-	650
Community service income	<u>475</u>	<u>-</u>	<u>475</u>
Total revenue	<u>\$ 207,563</u>	<u>\$ -</u>	<u>\$ 207,563</u>
Total support and revenue	<u>\$ 473,768</u>	<u>\$ 56,890</u>	<u>\$ 530,658</u>
OPERATING EXPENSES:			
Program services	\$ 353,482	\$ -	\$ 353,482
Management and general	55,291	-	55,291
Fundraising	<u>34,989</u>	<u>-</u>	<u>34,989</u>
Total expenses	<u>\$ 443,762</u>	<u>\$ -</u>	<u>\$ 443,762</u>
CHANGES IN NET ASSETS	\$ 30,006	\$ 56,890	\$ 86,896
NET ASSETS - BEGINNING	<u>743,468</u>	<u>21,454</u>	<u>764,922</u>
NET ASSETS - END	<u>\$ 773,474</u>	<u>\$ 78,344</u>	<u>\$ 851,818</u>

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

HUBBARD HALL PROJECTS, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2018</u> <u>Total</u>
SUPPORT AND REVENUE:			
Support:			
Contributions	\$ 134,180	\$ 10,349	\$ 144,529
Grants	10,000	38,150	48,150
Gross special events revenue	25,220	-	25,220
Less cost of direct benefit to donors	<u>(10,492)</u>	<u>-</u>	<u>(10,492)</u>
Net special events revenue	\$ 14,728	\$ -	\$ 14,728
Net assets released from restriction	<u>63,998</u>	<u>(63,998)</u>	<u>-</u>
Total support	<u>\$ 222,906</u>	<u>\$ (15,499)</u>	<u>\$ 207,407</u>
Revenue:			
Program income	\$ 203,016	\$ -	\$ 203,016
Rental income	14,441	-	14,441
Miscellaneous income	435	-	435
Interest and dividend income	28	-	28
Community service income	<u>1,082</u>	<u>-</u>	<u>1,082</u>
Total revenue	<u>\$ 219,002</u>	<u>\$ -</u>	<u>\$ 219,002</u>
Total support and revenue	<u>\$ 441,908</u>	<u>\$ (15,499)</u>	<u>\$ 426,409</u>
OPERATING EXPENSES:			
Program services	\$ 384,243	\$ -	\$ 384,243
Management and general	48,572	-	48,572
Fundraising	<u>38,775</u>	<u>-</u>	<u>38,775</u>
Total expenses	<u>\$ 471,590</u>	<u>\$ -</u>	<u>\$ 471,590</u>
CHANGES IN NET ASSETS	\$ (29,682)	\$ (15,499)	\$ (45,181)
NET ASSETS - BEGINNING	<u>756,650</u>	<u>53,453</u>	<u>810,103</u>
NET ASSETS - END	<u>\$ 726,968</u>	<u>\$ 37,954</u>	<u>\$ 764,922</u>

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

HUBBARD HALL PROJECTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2019</u>
Salaries	\$ 112,185	\$ 29,922	\$ 21,650	\$ 163,757
Payroll taxes	<u>13,393</u>	<u>2,287</u>	<u>1,646</u>	<u>17,326</u>
Total personnel	\$ 125,578	\$ 32,209	\$ 23,296	\$ 181,083
Workshop expenses	48,667	-	-	48,667
Depreciation	34,043	-	-	34,043
Artist fees	27,779	-	-	27,779
Repairs and maintenance	20,802	-	-	20,802
Utilities	19,221	-	-	19,221
Insurance	18,562	860	-	19,422
Production expenses	17,265	-	-	17,265
Printing	8,106	-	9,116	17,222
Interest	4,882	3,530	-	8,412
Rent	7,660	-	679	8,339
Supplies	1,665	-	5,987	7,652
Bank/credit card charges	-	6,968	-	6,968
Office expense	4,158	1,221	964	6,343
Advertising	5,870	-	-	5,870
Property taxes	99	3,668	-	3,767
Website	1,816	-	1,815	3,631
Telephone	2,043	600	474	3,117
Awards and prizes	-	-	3,100	3,100
Professional fees	-	3,050	-	3,050
Postage and shipping	1,440	423	867	2,730
Miscellaneous	<u>3,826</u>	<u>2,762</u>	<u>2,249</u>	<u>8,837</u>
Total expenses	\$ 353,482	\$ 55,291	\$ 48,547	\$ 457,320
Less expenses included with revenues on statement of activities: Cost of direct benefit to donors	<u>-</u>	<u>-</u>	<u>13,558</u>	<u>13,558</u>
Total expenses included in expense section on statement of activities	<u>\$ 353,482</u>	<u>\$ 55,291</u>	<u>\$ 34,989</u>	<u>\$ 443,762</u>

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

HUBBARD HALL PROJECTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2018</u>
Salaries	\$ 89,218	\$ 27,817	\$ 19,893	\$ 136,928
Payroll taxes	<u>15,059</u>	<u>2,143</u>	<u>1,533</u>	<u>18,735</u>
Total personnel	\$ 104,277	\$ 29,960	\$ 21,426	\$ 155,663
Artist fees	70,393	-	-	70,393
Workshop expenses	43,784	-	-	43,784
Depreciation	32,998	-	-	32,998
Production expenses	31,488	-	-	31,488
Printing	11,477	-	12,535	24,012
Insurance	20,216	860	-	21,076
Utilities	19,621	-	-	19,621
Repairs and maintenance	12,811	-	-	12,811
Supplies	2,556	-	8,739	11,295
Advertising	10,308	-	360	10,668
Website	4,482	-	4,482	8,964
Miscellaneous	4,100	1,854	172	6,126
Interest	4,345	4,228	-	8,573
Bank/credit card charges	-	7,573	-	7,573
Office expense	3,183	793	605	4,581
Postage and shipping	2,102	523	561	3,186
Telephone	2,030	506	386	2,922
Professional fees	-	2,275	-	2,275
Rent	750	-	-	750
Community service	3,122	-	-	3,122
Property taxes	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>
Total expenses	\$ 384,243	\$ 48,572	\$ 49,267	\$ 482,082
Less expenses included with revenues on statement of activities:				
Cost of direct benefit to donors	<u>-</u>	<u>-</u>	<u>(10,492)</u>	<u>(10,492)</u>
Total expenses included in expense section on statement of activities	<u>\$ 384,243</u>	<u>\$ 48,572</u>	<u>\$ 38,775</u>	<u>\$ 471,590</u>

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

HUBBARD HALL PROJECTS, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 86,896	\$ (45,181)
Adjustments to reconcile changes in unrestricted net assets to net cash provided by (applied to) operating activities:		
Depreciation	34,043	32,998
Amortization of loan cost to interest expense	134	134
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	1,325	(3,829)
Inventory	77	-
Prepaid expenses	(3,239)	2,690
Increase (decrease) in:		
Accounts payable	131	(5,346)
Security deposit	(700)	-
Deferred revenue	998	3,490
Payroll liabilities	267	(1,128)
	<u>119,932</u>	<u>(16,172)</u>
Net cash (applied to) provided by operating activities	\$	\$
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of debt	\$ (15,493)	\$ (15,072)
	<u>(15,493)</u>	<u>(15,072)</u>
Net cash applied to financing activities	\$	\$
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	\$ (7,358)	\$ (6,794)
	<u>(7,358)</u>	<u>(6,794)</u>
Net cash applied to investment activities	\$	\$
NET (DECREASE) INCREASE IN CASH	\$ 97,081	\$ (38,038)
CASH AND CASH EQUIVALENTS - BEGINNING	50,801	88,839
CASH AND CASH EQUIVALENTS - END	<u>\$ 147,882</u>	<u>\$ 50,801</u>

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

HUBBARD HALL PROJECTS, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION:		
Cash paid during the year:		
Interest	\$ 8,278	\$ 8,439
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, 2019 AND 2018

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) **Basis of Presentation**

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities

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, 2019 and 2018, advertising expense was \$5,870 and \$10,308.

HUBBARD HALL PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

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.

h) Expense Allocation

The Organization's costs for providing programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated between the program services, management and general and fundraising.

i) 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, 2016.

j) Subsequent Events

The Organization has evaluated subsequent events through November 6, 2019 which is the date the financial statements were available to be issued. There are no material subsequent events which require recognition or disclosure.

HUBBARD HALL PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

k) New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities". The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Company has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

l) Reclassification

Certain amounts from the prior year have been restated to conform to the current year's presentation.

m) 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.

n) Debt Issuance Costs

Debt issuance costs are amortized using the interest method over the life of the debt. Amortization of the debt issuance costs is reported in interest expense in the statements of activities.

2) PROPERTY AND EQUIPMENT

A schedule of property and equipment is as follows:

	<u>2019</u>	<u>2018</u>
Buildings and equipment	\$ 721,641	\$ 721,641
Building improvements	<u>795,876</u>	<u>788,518</u>
Totals	\$ 1,517,517	\$ 1,510,159
Less accumulated depreciation	<u>(610,785)</u>	<u>(576,742)</u>
PROPERTY AND EQUIPMENT	<u>\$ 906,732</u>	<u>\$ 933,417</u>

Depreciation expense was \$34,043 and \$32,998 for the years ended June 30, 2019 and 2018.

HUBBARD HALL PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 \$39,608 and \$38,610 for the years ended June 30, 2019 and 2018.

4) LONG-TERM DEBT

Maturities of long-term debt as of June 30, 2019 are as follows:

2020	\$	16,248
2021		16,960
2022		17,705
2023		18,484
2024		14,413
Thereafter		<u>75,623</u>
TOTAL	\$	<u>159,433</u>

Debt issuance costs are being amortized to interest expense in the amount of \$134 each year until 2022. Interest expense on all debt was \$8,412 and \$8,573 for the years ended June 30, 2019 and 2018.

5) CONTRIBUTED SERVICES

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, 2019 and 2018. The line is secured by NYSCA grants and receivables.

HUBBARD HALL PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

7) **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets are donor restricted for the following purposes:

	<u>2019</u>	<u>2018</u>
Workshops	\$ 30,000	\$ -
Fellowship	3,987	-
Facility design	4,334	6,456
Scholarship fund	5,023	2,998
Restroom campaign	30,000	-
Community Garden	5,000	10,000
Other restricted uses	-	2,000
	<u>78,344</u>	<u>21,454</u>
Net assets with donor restricted purpose	<u>\$ 78,344</u>	<u>\$ 21,454</u>

8) **AVAILABILITY AND LIQUIDITY**

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 147,882	\$ 50,801
Accounts Receivable	5,456	6,781
	<u>153,338</u>	<u>57,582</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	78,344	21,454
Less net assets with purpose restrictions to be met in less than one year	<u>78,344</u>	<u>21,454</u>
Financial assets available to meet expenditures over the next year	<u>\$ 153,338</u>	<u>\$ 57,582</u>

The Organization's goal is generally to maintain financial assets to meet 60 days of operating expenses. As a part of its liquidity plan, any excess cash would be invested in short-term investments, including money market accounts and savings accounts.