

**CATHERINE VIOLET HUBBARD FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

CATHERINE VIOLET HUBBARD FOUNDATION, INC.

TABLE OF CONTENTS

---

<b><u>AUDITED FINANCIAL STATEMENTS</u></b>	<b><u>PAGE</u></b>
INDEPENDENT AUDITORS' REPORT	1 - 2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES (WITH COMPARATIVE TOTALS FOR 2018)	4
STATEMENTS OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 - 12

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Catherine Violet Hubbard Foundation, Inc.  
Newtown, Connecticut

We have audited the accompanying financial statements of Catherine Violet Hubbard Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 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 auditors' 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 Organization'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 Organization'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.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catherine Violet Hubbard Foundation, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited Catherine Violet Hubbard Foundation, Inc. 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC  
Rochester, New York  
July 30, 2020

**CATHERINE VIOLET HUBBARD FOUNDATION, INC.**

**Statements of Financial Position**

**December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,135,351	\$ 1,665,336
Accounts receivable	75,724	17,166
Total current assets	1,211,075	1,682,502
<b>Investments</b>	1,160,820	950,866
<b>Property and Equipment - Net</b>	1,036,215	429,127
<b>Other Assets</b>	761,605	761,605
<b>Total Assets</b>	\$ 4,169,715	\$ 3,824,100
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 39,067	\$ 47,805
Accrued payroll	3,360	-
Total current liabilities	42,427	47,805
<b>Net Assets</b>		
Without donor restriction	2,604,201	2,279,793
With donor restriction	1,523,087	1,496,502
Total net assets	4,127,288	3,776,295
<b>Total Liabilities and Net Assets</b>	\$ 4,169,715	\$ 3,824,100

The accompanying notes are an integral part of these financial statements.

**CATHERINE VIOLET HUBBARD FOUNDATION, INC.**  
**Statement of Activities**  
**For the Year Ended December 31, 2019**  
**(With Comparative Totals for the Year Ended December 31, 2018)**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total 2019</u>	<u>Total 2018</u>
<b>Support and Revenue</b>				
Contributions	\$ 882,622	\$ 47,009	\$ 929,631	\$ 945,017
Grants	50,750	10,000	60,750	280,000
Dividends and interest income	25,579	-	25,579	25,992
Realized and unrealized gain (loss) on investments	231,079	-	231,079	(103,379)
In-kind contributions	900	-	900	-
Miscellaneous income	16,843	-	16,843	18,519
Net assets released from restriction	30,424	(30,424)	-	-
Total support and revenue	<u>1,238,197</u>	<u>26,585</u>	<u>1,264,782</u>	<u>1,166,149</u>
<b>Expenses</b>				
Program services	384,820	-	384,820	318,391
Management and general	197,096	-	197,096	152,483
Fundraising	331,873	-	331,873	387,764
Total expenses	<u>913,789</u>	<u>-</u>	<u>913,789</u>	<u>858,638</u>
<b>Change in Net Assets</b>	324,408	26,585	350,993	307,511
<b>Net Assets - Beginning</b>	<u>2,279,793</u>	<u>1,496,502</u>	<u>3,776,295</u>	<u>3,468,784</u>
<b>Net Assets - Ending</b>	<u>\$ 2,604,201</u>	<u>\$ 1,523,087</u>	<u>\$ 4,127,288</u>	<u>\$ 3,776,295</u>

The accompanying notes are an integral part of these financial statements.

**CATHERINE VIOLET HUBBARD FOUNDATION, INC.**  
**Statements of Functional Expenses**  
**For the Year Ended December 31, 2019 and 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2019</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2018</u>
Advertising	\$ 4,198	\$ 1,200	\$ 6,597	\$ 11,995	\$ 1,245	\$ 356	\$ 1,957	\$ 3,558
Bank and credit card fees	-	12,370	-	12,370	-	14,968	-	14,968
Charitable contribution	-	1,200	-	1,200	-	1,000	-	1,000
Event supplies	31,416	7,254	199,363	238,033	30,993	14,487	264,835	310,315
Insurance	251	10,608	-	10,859	2,150	7,117	188	9,455
In-kind expenses	-	900	-	900	-	-	-	-
Merchandise supplies	3,701	6,322	425	10,448	3,989	12,588	17,247	33,824
Miscellaneous expense	290	728	955	1,973	161	330	110	601
Office expenses	45	17,713	2,503	20,261	629	14,217	4,777	19,623
Payroll and related expenses	32,025	10,675	10,675	53,375	-	-	-	-
Printing and publications	7,641	51	22,838	30,530	7,810	1,878	21,253	30,941
Professional services	-	35,033	-	35,033	-	11,038	-	11,038
Rent expense	-	11,100	-	11,100	-	9,250	-	9,250
Repair and maintenance	-	3,483	-	3,483	-	8,083	-	8,083
Subcontractors	295,757	57,386	88,285	441,428	257,596	49,981	76,895	384,472
Travel, conferences and seminars	1,551	532	232	2,315	3,364	1,155	502	5,021
Utilities	151	4,813	-	4,964	68	3,519	-	3,587
Vet services	7,794	-	-	7,794	6,043	-	-	6,043
Loss on disposal	-	4,168	-	4,168	-	-	-	-
Total expenses before depreciation	<u>384,820</u>	<u>185,536</u>	<u>331,873</u>	<u>902,229</u>	<u>314,048</u>	<u>149,967</u>	<u>387,764</u>	<u>851,779</u>
Depreciation	-	11,560	-	11,560	4,343	2,516	-	6,859
Total expense	<u>\$ 384,820</u>	<u>\$ 197,096</u>	<u>\$ 331,873</u>	<u>\$ 913,789</u>	<u>\$ 318,391</u>	<u>\$ 152,483</u>	<u>\$ 387,764</u>	<u>\$ 858,638</u>

The accompanying notes are an integral part of these financial statements.

**CATHERINE VIOLET HUBBARD FOUNDATION, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 350,993	\$ 307,511
Adjustments		
Depreciation	11,560	6,859
Realized and unrealized (gain) loss on investments	(231,079)	103,379
Donated investments	(6,193)	(14,793)
Loss on disposal	4,168	-
Change in assets and liabilities		
Accounts receivable	(58,558)	61,839
Other assets	-	(1,850)
Accounts payable	(8,738)	23,412
Accrued payroll	3,360	-
Net cash flows from operating activities	65,513	486,357
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	27,318	65,199
Purchase of property and equipment	(622,816)	(7,928)
Net cash flow from investing activities	(595,498)	57,271
<b>Net Change in Cash and Cash Equivalents</b>	(529,985)	543,628
<b>Cash and Cash Equivalents - Beginning</b>	1,665,336	1,121,708
<b>Cash and Cash Equivalents - Ending</b>	\$ 1,135,351	\$ 1,665,336

The accompanying notes are an integral part of these financial statements.



**CATHERINE VIOLET HUBBARD FOUNDATION, INC.**  
**Notes to Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies and Nature of Organization**

**Nature of Organization** - Catherine Violet Hubbard Foundation, Inc. (the "Organization") is a nonprofit organization established February 1, 2013 for the exclusive purposes of supporting charitable, scientific, literary or education purposes that honor the memory of Catherine Violet Hubbard, a first grader lost in the Sandy Hook Tragedy. Inspired by Catherine's pure and kind spirit, and her love for all creatures, the Organization's goal is to make Catherine's dream of creating a safe haven for all animals by building and supporting The Catherine Violet Hubbard Animal Sanctuary.

**Method of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Classification of Net Assets** - The Organization's financial statements are presented in accordance with the provisions of (ASU) 2016-14, "Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities." As a result, the Organization reports information regarding its net assets and changes therein in the following categories: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Organization's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization or are required to be held in perpetuity.

**Net Assets Without Donor Restriction** - Net assets without donor restrictions represent net assets that are not subject to donor imposed stipulations and are generally available for support of the Organization's activities. The Board of Directors has discretionary control over these resources to carry out the operations of the Organization in accordance with its by-laws.

**Net Assets With Donor Restriction** - The Organization reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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 restriction.

**Basis of Presentation** - 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 a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

**Liquidity** - The Organization has \$1,211,075 of financial assets available within one year of the statement of financial position date consisting of \$1,135,351 of cash and cash equivalents and \$75,724 of receivables. All of these financial assets are subject to donor or contractual restricts that make them unavailable for general expenditures within one year of the statement of financial position date.

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, cash and cash equivalents include deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. The Organization maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits.

**CATHERINE VIOLET HUBBARD FOUNDATION, INC.**  
**Notes to Financial Statements**

---

**Accounts Receivable** - Accounts receivable is stated at the amount management expects to collect from contributions, grants, and investment income outstanding at year-end. The Organization has accounts receivable of \$75,724 and \$17,166 at December 31, 2019 and 2018, respectively.

**Investments** - Investments are presented in the financial statements at fair market value based on quoted market prices in an active market. The net increase or decrease in the fair market value of investments is reflected as an increase or reduction in the statement of activities. FASB ASC 820 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. The fair value of investments is disclosed in Note 2.

**Land** - Land is recorded at the fair market value of donated property.

**Property and Equipment** - All buildings and building improvements are stated at cost, if purchased, and at fair value, if donated. Routine maintenance and repair costs are charged to operations as they are incurred. Expenditures over \$500, which extend the useful life of an asset, are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in operations. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and building improvements	5 - 40	Years
Machinery and equipment	5	Years

**Conservation Easement** - In accordance with FASB ASC 350-30, the Organization records conservation easements as an intangible asset at the fair value of the conservation easement as of the date of the contribution. Furthermore, ASC 350-30 requires the Organization to test these assets for impairment annually or whenever events change or circumstances indicate that the carrying value of the asset may not be recoverable. Management determined that the value of the conservation easement was not impaired at December 31, 2019 and 2018.

**Contributions** - The Organization accounts for its contributions under the provisions of FASB ASC 958-605. In accordance with FASB ASC 958-605, contributions received are recorded as with or without donor restriction, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. However, donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction.

The Foundation has many volunteers who have made significant contributions of their time, facilities or other forms of non-monetary giving for which the Organization would normally have to pay. The value of these contributions is not reflected in these financial statements, as they have not been deemed cost effective to measure or value these services.

**Functional Expenses** - Expenses are charged to program services, management and general, or fundraising based on direct expenditures incurred. Any program expenditures not directly charged are allocated based on estimates of resource application and usage.

**Income Tax Status** - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

**CATHERINE VIOLET HUBBARD FOUNDATION, INC.**  
**Notes to Financial Statements**

---

In accordance with FASB ASC 740-10-50 the Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Organization is currently operating in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no liability for unrecognized tax benefits has been included on the Organization's financial statements. The exempt Organization's informational returns are subject to audit by various taxing authorities.

**Revenue Recognition** - On January 1, 2019, the Organization adopted ASU 2014-09, Revenue from Contracts with Customers, which provides guidance for revenue recognition that superseded the revenue recognition requirements in Accounting Standards Codification ("ASC" Topic 605, Revenue Recognition ("Topic 605")) and most industry specific guidance. Under ASU 2014-09, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for these goods or services. The Organization has analyzed the provisions of the ASU 2014-09 and has concluded that no changes are necessary to conform with the new standard. The Organization utilizes a five-step framework as identified in ASU 2014-09.

The Organization adopted ASU 2014-09 under the modified retrospective approach, applying the amendments to prospective reporting periods. Results for reporting periods beginning after January 1, 2019 are presented under ASU 2014-09, while prior period amounts are not adjusted and continue to be reported in accordance with the historic accounting under Topic 605.

The Organization receives its revenue primarily from contributions and grants. The Organization receives contributions primarily from individuals, private organizations, and other foundations. Contributions are recognized in the period they are made. The Organization also receives grants to assist in carrying out its mission. Grants are recognized in the period they are awarded.

**Recent Accounting Standards Issued** - In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made". ASU 2018-08 provides clarification for determining if grants and contracts should be considered contributions or exchange transactions, as well as guidance for determining if a contribution is conditional. This guidance is effective for fiscal years beginning after December 15, 2018. These financial statements and notes reflect adoption of this new standard.

**Advertising** - The Organization expenses all advertising costs as they are incurred. Advertising expense for the years ended December 31, 2019 and 2018 were \$11,995 and \$3,558, respectively.

**Reclassifications** - Certain reclassifications have been made to the financial statements for the year ended December 31, 2018. These reclassifications are for comparative purposes only and have no effect on net assets as originally reported.

**Subsequent Events** - The Organization has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued.

## **Note 2. Investments**

The Organization measures its investments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**CATHERINE VIOLET HUBBARD FOUNDATION, INC.**  
**Notes to Financial Statements**

---

FSAB ASC 820-10 establishes a fair value hierarchy which requires an organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value:

Cash & Cash Equivalents and Exchange-traded Funds: Valued at the closing price reported in the active market in which the investment is actively traded at year-end (Level 1).

Bonds: Valued at quoted prices in markets that are not active, which approximates the market value with changes in fair value during the period (Level 2).

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded (Level 1)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments consisted of the following at December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 404,431	\$ -	\$ 404,431
Exchange-traded funds			
Large blend	533,322	-	533,322
Mid-cap blend	179,099	-	179,099
Small blend	179,222	-	179,222
Foreign large blend	227,277	-	227,277
Bonds	-	41,900	41,900
Total investments at fair value	<u>\$ 1,523,351</u>	<u>\$ 41,900</u>	<u>\$ 1,565,251</u>

**CATHERINE VIOLET HUBBARD FOUNDATION, INC.**  
**Notes to Financial Statements**

Investments consisted of the following at December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 351,915	\$ -	\$ 351,915
Exchange-traded funds			
Large blend	414,117	-	414,117
Mid-cap blend	139,626	-	139,626
Small blend	142,813	-	142,813
Foreign large blend	192,388	-	192,388
Bonds	-	61,922	61,922
Total investments at fair value	<u>\$ 1,240,859</u>	<u>\$ 61,922</u>	<u>\$ 1,302,781</u>

Unrestricted investment income (expense) is comprised of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Dividend and interest income	\$ 25,259	\$ 25,992
Net unrealized gain (loss) on investments	231,079	(103,379)
Total unrestricted investment income (expense) - net	<u>\$ 256,338</u>	<u>\$ (77,387)</u>

**Note 3. Fixed Assets**

Fixed assets is comprised of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 340,000	\$ 340,000
Land improvements	622,817	-
Buildings and building improvements	70,047	70,047
Machinery and equipment	22,144	29,503
Sub-total	1,055,008	439,550
Less, accumulated depreciation	(18,793)	(10,423)
Total property and equipment - net	<u>\$ 1,036,215</u>	<u>\$ 429,127</u>

**Note 4. Other Assets**

Other assets is comprised of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Conservation easement	\$ 759,755	\$ 759,755
Security deposit	1,800	1,800
Total other assets	<u>\$ 761,605</u>	<u>\$ 761,605</u>

**CATHERINE VIOLET HUBBARD FOUNDATION, INC.**  
**Notes to Financial Statements**

---

**Note 5. Net Assets With Donor Restrictions**

Net assets with donor restrictions are comprised of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Construction	\$ 310,300	\$ 300,000
Land	340,000	340,000
Conservation easement	759,755	759,755
Eco Programming	20,000	20,000
Engraved brick pavers	31,195	18,695
Senior paw programming	9,169	17,498
Sculptures	5,549	5,244
Butterfly garden	2,740	2,540
Trees	29,083	24,100
Pollinator plants	6,626	-
Benches	8,670	8,670
Total Net Assets With Donor Restrictions	<u>\$ 1,523,087</u>	<u>\$ 1,496,502</u>

**Note 6. Lease Contracts**

During February 2018, the Organization entered into a lease agreement with a lessor for office space renewable annually. Rent expense amounted to \$11,100 and \$9,250 for the years ended December 31, 2019 and 2018, respectively.

**Note 7. Reclassifications**

Certain reclassifications have been made in the financial statements for the year ended December 31, 2018. These reclassifications are for comparative purposes only and have no effect on the change in net assets as originally reported.

**Note 8. Subsequent Events**

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Organization and its future results and financial position is not presently determinable.

Subsequent to December 31, 2019 the Organization received approximately \$18,000 as a loan under the Small Business Administration Paycheck Protection Program.