

# *Financial Statements*

**Hubbard House, Inc.  
(A Not-For-Profit Corporation)**

**Years Ended June 30, 2014 and 2013**

## CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITORS' COMBINED REPORT ON THE BASIC FINANCIAL STATEMENTS AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FUNDING</b>	1
<b>FINANCIAL STATEMENTS:</b>	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses, Year Ended June 30, 2014	5
Statement of Functional Expenses, Year Ended June 30, 2013	6
Statements of Cash Flows	7
Notes to Financial Statements	8
<b>ADDITIONAL INFORMATION:</b>	
Schedule of Expenditures of Federal Awards and State Funding	20
Notes to Schedule of Awards	21
Schedule of Source and Expenditure of City Grant Funds - Public Service Grants	22
Schedule of Source and Expenditure of City Grant Funds - Arrest Grants	24
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</b>	25
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.650 RULES OF THE AUDITOR GENERAL</b>	27
Schedule of Findings and Questioned Costs	29



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**INDEPENDENT AUDITORS' COMBINED REPORT ON THE  
BASIC FINANCIAL STATEMENTS AND SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS AND STATE FUNDING**

Board of Directors  
Hubbard House, Inc.  
Jacksonville, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of Hubbard House, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 entity'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 entity'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.

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## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Hubbard House, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2014, on our consideration of Hubbard House, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hubbard House, Inc.'s internal control over financial reporting and compliance.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Source and Expenditure of City Grant Funds on pages 22-24 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in our audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole, and the nature of the expenses relating to the City of Jacksonville grant proceeds are in compliance with Ordinance Section 118.

*Masters Smith & Wisby, P.A.*

Certified Public Accountants  
Jacksonville, Florida

October 3, 2014

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**STATEMENTS OF FINANCIAL POSITION**

<b><u>ASSETS</u></b>	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Cash and cash equivalents	\$ 1,328,255	\$ 156,857
Grants receivable	503,428	180,375
Prepaid expenses	500	9,701
Cash restricted for capital expenditures	5,284	5,432
Cash restricted for expansion	34,510	-
Investments restricted for purchase of land	465,665	463,642
Investments unrestricted	971,820	928,220
Assets restricted for Hubbard House Shelter Endowment Investments	740,246	674,475
Deposits	500	500
Property and equipment, net	4,880,083	4,583,090
Total Assets	\$ 8,930,291	\$ 7,002,292
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Liabilities:</b>		
Accounts payable	\$ 195,051	\$ 35,892
Accrued expenses	104,812	105,210
Notes payable, building	577,831	611,852
Total Liabilities	877,694	752,954
<b>Net Assets:</b>		
Unrestricted	6,614,586	5,097,649
Temporarily restricted	888,011	601,689
Permanently restricted	550,000	550,000
Total Net Assets	8,052,597	6,249,338
Total Liabilities and Net Assets	\$ 8,930,291	\$ 7,002,292

See notes to financial statements

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**STATEMENTS OF ACTIVITIES**

	<b>Years Ended June 30</b>	
	<b>2014</b>	<b>2013</b>
<b>Changes in Unrestricted Net Assets:</b>		
Unrestricted Support and Revenues:		
Government grants	\$ 1,531,519	\$ 1,381,791
Contributions - public	2,656,224	1,229,536
Contributions - United Way, allocated and designated	163,668	170,089
Contributions - in-kind	100,521	77,051
Gain on thrift store sales (see Note O)	18,515	27,635
Program services	183,764	191,121
Investment return	268,124	205,141
Miscellaneous	50,389	65,410
	<hr/>	<hr/>
Total Unrestricted Support and Revenues	4,972,724	3,347,774
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	411,311	84,382
	<hr/>	<hr/>
Total Unrestricted Support and Revenues and Net Assets Released from Restrictions	5,384,035	3,432,156
	<hr/>	<hr/>
Functional Expenses:		
Program Services:		
Assistance to clients	2,867,691	2,758,379
Batterer's services	209,066	239,896
Supporting Services:		
Management and general	565,135	563,304
Fund raising	225,206	226,515
	<hr/>	<hr/>
Total Functional Expenses	3,867,098	3,788,094
	<hr/>	<hr/>
Change in Unrestricted Net Assets	1,516,937	(355,938)
	<hr/>	<hr/>
<b>Changes in Temporarily Restricted Net Assets:</b>		
Contributions	695,759	125,151
Investment return	1,874	2,776
Net assets released from restrictions	(411,311)	(84,382)
	<hr/>	<hr/>
Change in Temporarily Restricted Net Assets	286,322	43,545
	<hr/>	<hr/>
Change in Net Assets	1,803,259	(312,393)
Net Assets, Beginning of Year	6,249,338	6,561,731
	<hr/>	<hr/>
Net Assets, End of Year	\$ 8,052,597	\$ 6,249,338
	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2014**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Assistance to Clients</u>	<u>Batterer's Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Personnel	\$ 2,024,111	\$ 169,429	\$ 422,606	\$ 161,872	\$ 2,778,018
Contract services	25,436	4,158	18,824	6,091	54,509
Supplies	25,237	3,607	8,464	2,689	39,997
Telephone	33,962	1,672	2,484	535	38,653
Postage	3,768	419	2,323	6,270	12,780
Occupancy	224,170	8,280	22,168	-	254,618
Equipment, maintenance and rental	54,541	1,306	28,939	3,715	88,501
Printing	7,978	-	-	14,659	22,637
Transportation	22,409	3,910	5,891	134	32,344
Conventions and meetings	18,121	60	1,622	12,207	32,010
Assistance to individuals	223,533	-	-	-	223,533
Dues and subscriptions	5,549	-	13,564	486	19,599
Bank fees	24,730	-	5,525	1,596	31,851
Insurance	50,062	48	58	16	50,184
Other expenses	21,325	368	7,373	708	29,774
	<u>2,764,932</u>	<u>193,257</u>	<u>539,841</u>	<u>210,978</u>	<u>3,709,008</u>
Depreciation expense	<u>102,759</u>	<u>15,809</u>	<u>25,294</u>	<u>14,228</u>	<u>158,090</u>
Total Functional Expenses	<u>\$ 2,867,691</u>	<u>\$ 209,066</u>	<u>\$ 565,135</u>	<u>\$ 225,206</u>	<u>\$ 3,867,098</u>

See notes to financial statements

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2013**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Assistance to Clients</u>	<u>Batterer's Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Personnel	\$ 1,939,780	\$ 202,258	\$ 409,186	\$ 177,475	\$ 2,728,699
Contract services	15,319	4,190	22,164	163	41,836
Supplies	35,307	1,990	9,217	2,667	49,181
Telephone	34,026	1,435	2,660	427	38,548
Postage	5,029	535	2,210	4,100	11,874
Occupancy	196,324	8,191	32,646	-	237,161
Equipment, maintenance and rental	46,389	1,062	20,977	4,737	73,165
Printing	8,033	-	133	8,854	17,020
Transportation	17,535	4,700	6,759	377	29,371
Conventions and meetings	17,031	56	2,608	12,122	31,817
Assistance to individuals	249,146	-	-	-	249,146
Dues and subscriptions	6,275	-	13,690	375	20,340
Bank fees	25,503	-	4,759	796	31,058
Insurance	46,679	64	51	16	46,810
Other expenses	15,808	-	11,581	533	27,922
	<u>2,658,184</u>	<u>224,481</u>	<u>538,641</u>	<u>212,642</u>	<u>3,633,948</u>
Depreciation expense	<u>100,195</u>	<u>15,415</u>	<u>24,663</u>	<u>13,873</u>	<u>154,146</u>
Total Functional Expenses	<u><u>\$ 2,758,379</u></u>	<u><u>\$ 239,896</u></u>	<u><u>\$ 563,304</u></u>	<u><u>\$ 226,515</u></u>	<u><u>\$ 3,788,094</u></u>

See notes to financial statements

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**STATEMENTS OF CASH FLOWS**

	<b>Years Ended June 30</b>	
	<b>2014</b>	<b>2013</b>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 1,803,259	\$ (312,393)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	158,090	154,146
Donated land and stock included in contributions	(89,510)	-
Net realized and unrealized gain on investments	(190,591)	(128,470)
Amortization of bond discount	(17,534)	(17,534)
Investment income unrestricted	(12,937)	(15,201)
Investment income restricted for long-term purposes	(8,965)	(9,582)
Loss on the disposal of property and equipment	2,033	3,922
Changes in assets and liabilities:		
Grants receivable	(323,053)	2,344
Prepaid expenses	9,201	(3,077)
Accounts payable	159,159	20,165
Accrued expenses	(398)	7,618
	<u>1,488,754</u>	<u>(298,062)</u>
Net Cash Flows from Operating Activities		
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sales of assets unrestricted	776,319	637,784
Purchase of assets unrestricted	(688,319)	(581,949)
Proceeds from sales of assets restricted to endowment	489,404	294,323
Purchase of assets restricted to endowment	(458,771)	(269,323)
Purchase of property and equipment	(402,116)	(121,249)
	<u>(283,483)</u>	<u>(40,414)</u>
Net Cash Flows from Investing Activities		
<b>Cash Flows from Financing Activities:</b>		
Investment income and contributions restricted to long-term purposes: Restricted to endowment	148	147
Proceeds of expansion loan from HHH	129,074	-
Repayment of HHH expansion loan	(129,074)	-
Repayment of bank loan	(34,021)	(30,277)
	<u>(33,873)</u>	<u>(30,130)</u>
Net Cash Flows from Financing Activities		
Net Change in Cash and Cash Equivalents	1,171,398	(368,606)
Cash and Cash Equivalents, Beginning of Year	<u>156,857</u>	<u>525,463</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,328,255</u>	<u>\$ 156,857</u>
<b>Supplemental Information:</b>		
Cash paid during the year for interest	\$ 23,795	\$ 26,216
<b>Non Cash Investing and Financing:</b>		
Donation of land	\$ 55,000	\$ -

See notes to financial statements

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2014 and 2013**

**A. Nature of Activities:**

Founded in Jacksonville, Florida in 1976, Hubbard House, Inc. operates the first emergency shelter for battered women established in the Southeast. A path-breaking initiative by a group of volunteers who recognized a critical need led to the creation of this agency, resulting in the opening of the 13th domestic violence center in the nation. The Hubbard House mission is Every Relationship Violence-Free. To that end, Hubbard House offers a full compendium of services for victims and perpetrators of domestic violence. Incorporating both intervention and prevention, program offerings cover an array of needs presented by families caught in the web of domestic abuse. Through innovative approaches addressing numerous aspects of the domestic abuse problem, Hubbard House has remained on the forefront in the effort to break the cycle of domestic violence in Northeast Florida.

**B. Summary of Significant Accounting Policies:**

Basis of Accounting:

The financial statements of Hubbard House, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's Accounting Standard Codification for Financial Statements of Not-for-Profit Organizations (ASC 958). Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of Estimates:

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

Expense Allocation:

The costs of providing program, management and fund raising activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2014 and 2013**  
**(Continued)**

**B. Summary of Significant Accounting Policies (continued):**

Inventories:

Inventories of donated clothing and articles to be sold by the thrift store are not included in the financial statements (See Note O).

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Promises to Give:

Unconditional promises to give are recognized as revenues or gains in the period the promise is received.

Property and Equipment:

Property, improvements, equipment and donated assets are capitalized if their fair value is greater than or equal to \$1,000. Assets that are repaired where the costs are greater than or equal to \$1,000 and the assets' life is extended are also capitalized; otherwise they are expensed. Depreciation is computed using primarily the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	5-39
Equipment and furnishings	5-10
Vehicles	5

Advertising:

Advertising costs, which are principally included in store sales net of direct expenses, are expensed as incurred. Advertising expense for 2014 and 2013 was \$6,358 and \$6,413, respectively.

Reclassification of Financial Statement Presentation:

Certain reclassifications have been made to the June 30, 2013 financial statements to conform to the June 30, 2014 presentation. Such reclassifications have had no effect on the change in net assets as previously reported.

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2014 and 2013**  
**(Continued)**

**B. Summary of Significant Accounting Policies (continued):**

Restricted and Unrestricted Revenue and Support:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase 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 restrictions.

**C. Investments:**

The Organization has investments consisting of the following:

<b><u>June 30, 2014</u></b>	<b><u>Cost</u></b>	<b><u>Market Value</u></b>	<b><u>Unrealized Gain/(Loss)</u></b>
466,000 U.S. Treasury strips - 0% due February 15, 2015	\$ 454,311	\$ 465,665	\$ 11,354
Money Market Funds	\$ 151,351	\$ 151,351	\$ -
Government Securities	351,439	353,044	1,605
Corporate Bonds	82,610	83,021	410
Equity Securities	881,177	1,124,650	243,473
	<b><u>\$ 1,466,577</u></b>	<b><u>\$ 1,712,066</u></b>	<b><u>\$ 245,489</u></b>
<b><u>June 30, 2013</u></b>			
466,000 U.S. Treasury strips - 0% due February 15, 2015	\$ 436,777	\$ 463,642	\$ 26,865
Money Market Funds	\$ 72,635	\$ 72,635	\$ -
Government Securities	331,982	327,249	(4,733)
Mutual Funds	106,543	101,985	(4,558)
Equity Securities	922,610	1,100,826	178,216
	<b><u>\$ 1,433,770</u></b>	<b><u>\$ 1,602,695</u></b>	<b><u>\$ 168,925</u></b>

Unrealized investment gains/losses are reported in the statement of activities.

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2014 and 2013**  
**(Continued)**

**C. Investments (continued):**

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2014. Investment management fees for 2014 were \$16,906.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 61,799	\$ 17,385	\$ 79,184
Net realized and unrealized gains (losses)	<u>206,325</u>	<u>(15,511)</u>	<u>190,814</u>
Total Investment Return	<u>\$ 268,124</u>	<u>\$ 1,874</u>	<u>\$ 269,998</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2013. Investment management fees for 2013 were \$17,771.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 63,626	\$ 17,388	\$ 81,014
Net realized and unrealized gains (losses)	<u>141,515</u>	<u>(14,612)</u>	<u>126,903</u>
Total Investment Return	<u>\$ 205,141</u>	<u>\$ 2,776</u>	<u>\$ 207,917</u>

**D. Fair Value Measurements:**

The Financial Accounting Standards Board's Accounting Standards Codification on *Fair Value Measurements* (ASC 820), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The hierarchy is measured in three levels based on the reliability of the inputs:

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2014 and 2013**  
**(Continued)**

**D. Fair Value Measurements (continued):**

- Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets that the Organization has the ability to access at the measurement date.
- Level 2 Valuations based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Observable inputs include quoted prices for similar assets in active or non-active markets.
- Level 3 Valuations derived through the use of valuation models or methodologies using significant unobservable inputs. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and as a result significant professional judgment may be used in determining the fair values.

The following are the major categories of assets measured at fair value on a recurring basis during the years ended:

<b><u>June 30, 2014</u></b>	<b>Fair Value Hierarchy Level</b>			
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
U.S. Treasury Strips	\$ 465,665	\$ 465,665	\$ -	\$ -
Money Market Funds	151,351	151,351	-	-
Government Securities	353,044	353,044	-	-
Corporate Bonds	83,021	83,021	-	-
Equity Securities	1,124,650	1,124,650	-	-
<b>Total</b>	<b>\$ 2,177,731</b>	<b>\$ 2,177,731</b>	<b>\$ -</b>	<b>\$ -</b>

<b><u>June 30, 2013</u></b>	<b>Fair Value Hierarchy Level</b>			
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
U.S. Treasury Strips	\$ 463,642	\$ 463,642	\$ -	\$ -
Money Market Funds	72,635	72,635	-	-
Government Securities	327,249	327,249	-	-
Mutual Funds	101,985	101,985	-	-
Equity Securities	1,100,826	1,100,826	-	-
<b>Total</b>	<b>\$ 2,066,337</b>	<b>\$ 2,066,337</b>	<b>\$ -</b>	<b>\$ -</b>

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2014 and 2013**  
**(Continued)**

**E. Property and Equipment:**

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Property and equipment consist of the following:		
Land	\$ 1,460,576	\$ 1,394,350
Building and improvements	3,474,930	3,529,114
Equipment and furnishings	544,495	663,510
Vehicles	100,574	100,574
Outreach center	1,461,346	1,458,271
Construction in progress	420,086	-
	7,462,007	7,145,819
Less, accumulated depreciation	2,581,924	2,562,729
	\$ 4,880,083	\$ 4,583,090

Depreciation expense for 2014 and 2013 was \$158,090 and \$154,146, respectively.

**F. Notes Payable:**

The Organization's obligations under its notes payable consist of the following:

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
A \$500,000 mortgage loan with Duval County Housing Finance Authority bearing an interest rate of 2.00% per annum, monthly installments of principal and interest of \$1,635 are due through March 1, 2026	\$ 203,505	\$ 218,861
A \$448,000 loan with Wells Fargo bearing an interest rate of 5% per annum, commencing on July 17, 2009, monthly installments of principle and interest of \$3,183 are due through February 17, 2028	374,326	392,991
Total Notes Payable	\$ 577,831	\$ 611,852

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2014 and 2013**  
**(Continued)**

**F. Notes Payable (continued):**

Notes payable are scheduled to mature as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 35,404
2016	36,656
2017	38,099
2018	39,557
2019	41,083
Thereafter	387,032
Total	\$ 577,831

The Organization has secured a \$200,000 line of credit with Wells Fargo for short-term working capital requirements. The advances under the line of credit accrue an interest rate per annum at the bank's prime rate. The advances are secured by accounts receivable, furniture, fixtures and equipment. No advances were outstanding at June 30, 2014 or 2013.

**G. Concentrations of Revenue:**

For the years ended June 30, 2014 and 2013, 28% and 41%, respectively, of unrestricted revenue was derived from governmental sources.

**H. Temporarily Restricted Net Assets Are Available for the Following Purposes or Periods:**

	<u>June 30</u>	
	<u>2014</u>	<u>2013</u>
Specific purpose	\$ 92,232	\$ 7,463
Specific program	139,721	125,152
Restricted for expansion	185,109	-
Assets restricted for capital expenditures	5,284	5,432
Investments restricted for purchase of land	465,665	463,642
	\$ 888,011	\$ 601,689

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2014 and 2013**  
**(Continued)**

**I. Support Received Which Required Match:**

The Organization received a substantial portion of its support under three grant contracts with the Department of Health and Rehabilitative Services and one grant contract with the Department of Legal Affairs. These contracts are renegotiated annually. Although a maximum amount is established during the negotiation process, income is earned on a reimbursement basis; that is, income can be recognized only to the extent of eligible expenses incurred.

The Organization had fixed price and/or unit of service contracts that required cost sharing or match. Hubbard House met the matching requirements of these contracts for the year ended June 30, 2014 as shown below:

Total Expenses		\$ 3,867,098
Less, non-matching revenues:		
Temporary Assistance for Needy Families	265,804	
Federal Emergency Management Agency	33,991	
Child and Adult Care Food Program	22,711	322,506
		3,544,592
Family Violence Prevention and Services (FVPS) 12-2214		
Amount received or receivable requiring match	133,203	
Match required - 25%:75%	33,301	166,504
Victims of Crime Act Fund (VOCA) V10125, V10152, V11125 and V11152		
Amount received or receivable requiring match	317,412	
Match required - 25%:75%	79,353	396,765
Excess Match Available		\$ 2,981,323

**J. Permanently Restricted Net Assets:**

Hubbard House Shelter Endowments:

A gift was received to establish an endowment for the maintenance and preservation of Hubbard House's current shelter. The gift places restrictions on the use of the endowment's principal and income. In any given fiscal year, the income of the fund, not to exceed five percent of the market value of the fund at the close of the previous fiscal year, may be disbursed. The remaining income would increase the endowment's funds to offset the effects of inflation. The endowment's funds (corpus of \$550,000) may be used to repair the structure should it suffer a catastrophic event. The funds in this endowment are considered to be permanently restricted under the provision of the gift agreement. Hubbard House established an investment policy to manage the endowment's funds.

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2014 and 2013**  
**(Continued)**

**J. Permanently Restricted Net Assets (continued):**

A gift designated for Hubbard House was made to the Community Foundation for Northeast Florida during the year ended June 30, 2007. The funds are managed by the Community Foundation for Northeast Florida, and on an annual basis the net investment income will be made available to support Hubbard House's ongoing operation. All amounts relating to these funds are excluded from the accompanying financial statements. The balance was \$515,596 and \$471,662 at June 30, 2014 and 2013, respectively.

**K. Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits:**

The Organization maintains cash balances at several financial institutions located in Jacksonville, Florida, which may at times exceed Federal Deposit Insurance Corporation (FDIC) limits. Accounts at each institution are insured by the FDIC up to \$250,000. The Company has not experienced any losses in such accounts. Cash in excess of insured limits at June 30, 2014 and 2013, was \$1,125,748 and \$-0-, respectively.

**L. Tax-Deferred Annuity Plan:**

The Organization participates in a tax deferred annuity plan under Internal Revenue Service Code 403(b). Employees working 1,000 hours per year with more than two (2) years of continuous service are eligible for the plan and can contribute up to 20% of their wages into the plan as long as it doesn't exceed IRS guidelines. The employer may contribute up to 5% of the eligible wages into the plan. For the years ending June 30, 2014 and 2013, employer contributions were made totaling \$87,514 and \$90,205, respectively.

**M. Subsequent Events:**

The Organization has evaluated subsequent events through October 3, 2014, the date the financial statements were available to be issued.

**N. Related Party Transactions:**

The Organization received \$242,530 and \$225,000 in unrestricted contributions from its affiliate, Hubbard House Foundation, Inc. for the years ended June 30, 2014 and 2013, respectively. The above amounts are included in public contributions section in the statements of activities.

The Organization also received a Foundation-approved amount of \$50,000 from Hubbard House Foundation, Inc. for management and general expenses for both of the years ended June 30, 2014 and 2013.

During the year ended June 30, 2014 the Organization received and repaid a short-term loan from Hubbard House Foundation of \$129,074 for its expansion project.

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2014 and 2013**  
**(Continued)**

**O. Sales to the Public (Thrift Store):**

Hubbard House operates a thrift store in Jacksonville and solicits used clothing, furniture and other articles for sale to the public. The inventory of unsold clothing and articles on hand at June 30, 2014 and 2013 are not included in the financial statements since there is no readily determinable value for such items.

	<b>Years Ended June 30</b>	
	<b>2014</b>	<b>2013</b>
Sales, net of sales tax	\$ 310,386	\$ 303,535
Recycling, net	2,638	3,133
	313,024	306,668
Expenses:		
Personnel	180,272	178,591
Supplies	1,274	2,058
Telephone	4,304	3,998
Postage	5	-
Occupancy	71,161	60,807
Advertising	2,234	3,006
Equipment repairs and rentals	1,304	925
Transportation	3,685	3,163
Insurance	20,628	14,441
Other	9,642	12,044
	294,509	279,033
Sales to the Public, Net of Direct Expenses	\$ 18,515	\$ 27,635

**P. Donated Services:**

Donated services are recognized as contributions in accordance with FASB ASC 958-605-25, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided tutoring and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958-605-25 were not met. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately \$412,352 for 18,625 volunteer hours for the year ended June 30, 2014, and \$430,938 for 19,464 volunteer hours for the year ended June 30, 2013.

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2014 and 2013**  
**(Continued)**

**Q. Commitments:**

Land Lease

The Organization leases land where their shelter is located. The initial lease term was twenty years with six renewal options of ten years each. The lease also contains purchase options at the end of the initial term and each extension period. The initial annual rental was \$18,187 and escalates 3.5% annually. The option purchase price at the end of the initial term is \$466,000 and shall increase each year thereafter by 3.5% if not exercised.

Future minimum lease payments under the current option are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 34,965

Office equipment

The Organization leases certain office equipment under an operating lease expiring in 2017.

Future minimum lease payments of this lease are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2015	\$ 5,161
2016	5,161
2017	3,870
Total	<u>\$ 14,192</u>

**R. Income Taxes:**

The Organization is a not-for-profit organization that is exempt from income tax under section 501c (3) of the Internal Revenue Code, and classified by the Internal Revenue Service as other than a private foundation.

The Organization takes positions which it feels are adhering to the laws established by the taxing authorities; therefore, the Organization doesn't believe it has taken any uncertain tax positions which could subject it to penalties or interest, so none have been accrued in the accompanying financial statements. The taxing authorities have the right to audit the Organization's information return for the current and last three open tax years which are 2014, 2013, 2012, and 2011.

## **ADDITIONAL INFORMATION**

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FUNDING**  
**Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program	<u>CFDA CSFA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>
<b>U.S. Department of Health and Human Services/</b>			
Florida Coalition Against Domestic Violence/ Family Violence Prevention and Services	93.671	14-2214	\$ 133,203
Temporary Assistance for Needy Families	93.558	14-2214	<u>265,804</u>
Total U.S. Department of Health and Human Services			399,007
<b>U.S. Department of Justice/</b>			
State of Florida Department of Legal Affairs/ Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V12125	83,349
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V12152	9,736
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V13125	199,487
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V13152	24,840
City of Jacksonville/ Arrest Policies and Enforcement of Protection Orders	16.590	7027-74	130,396
Stop Violence Against Women Formula Grant Program	16.588	N/A	<u>319</u>
Total U.S. Department of Justice			448,127
<b>Federal Emergency Management Agency (FEMA)/</b>			
Emergency Food and Shelter National Board Program	97.024	160800-013	33,991
<b>Department of Health/</b>			
State of Florida/ Child and Adult Care Food Program (Food and Nutrition)	10.558	I-065	<u>22,710</u>
Total Expenditures of Federal Awards			<u>\$ 903,835</u>
State Grantor/Project			
<b>Florida Coalition Against Domestic Violence/</b>			
Domestic Violence Trust Fund	N/A	14-2214	\$ 149,704
General Revenue Fund	N/A	14-2214	321,686
Prevention Initiative Project	N/A	14-2214	20,000
Fixed Capital Outlay - DV Expansion	N/A	14160400	<u>308,867</u>
Total Expenditures of State Funding			<u>\$ 800,257</u>

See notes to schedule of awards

HUBBARD HOUSE, INC.  
(A NOT-FOR-PROFIT CORPORATION)

NOTES TO SCHEDULE OF AWARDS  
Year Ended June 30, 2014

**A. Basis of Presentation:**

The schedule of expenditures of Federal awards and State projects presented on page 20 includes federal, state and other grant activity and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the basic financial statements.

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT ORGANIZATION)**

**SCHEDULE OF SOURCE AND EXPENDITURE OF CITY GRANT FUNDS**  
**PER ORDINANCE CODE CHAPTER 118.205(e)**  
**For Audit Year 2013-2014**

**City of Jacksonville Public Service Grants for Fiscal Year 2013/2014 Audit**

**Receipt of City Funds**

	<b>City FY 2012- 2013 Grant <u>No. 7027-72</u></b>	<b>City FY 2013- 2014 Grant <u>No. 7027-77</u></b>
Amount of Award (per City budget ordinance)	\$ 85,768	\$ 129,000
Actual Funds Received from City in Last Audit Period	(77,340)	-
Actual Amount Received this Period	(8,428)	(94,040)
Amount Remaining to be Distributed	<u>\$ -</u>	<u>\$ 34,960</u>

**Expenditures of City Funds**

City FY 2012-2013 Grant No. 7027-72 - \$85,768

<b><u>Item</u></b>	<b>(Unaudited) Original Budgeted</b>	<b>(Unaudited) Revised Budgeted</b>	<b>Actual 10/1/2012- 6/30/2013</b>	<b>Actual 7/1/2013- 9/30/2013</b>	<b>Total Actual</b>	<b>Remaining Balance</b>
Telephone	\$ 20,884	\$ 17,268	\$ 12,456	\$ 4,812	\$ 17,268	\$ -
Utilities	64,884	68,500	64,884	3,616	68,500	-
Total	<u>\$ 85,768</u>	<u>\$ 85,768</u>	<u>\$ 77,340</u>	<u>\$ 8,428</u>	<u>\$ 85,768</u>	<u>\$ -</u>

City FY 2013-2014 Grant No. 7027-77 - \$129,000

<b><u>Item</u></b>	<b>(Unaudited) Original Budgeted</b>	<b>Actual 10/1/2013- 6/30/2014</b>	<b>Actual 7/1/2014- 9/30/2014</b>	<b>Total Actual</b>	<b>Remaining Balance</b>
Telephone	\$ 15,634	\$ 13,302	\$ -	\$ 13,302	\$ 2,332
Utilities	98,000	67,175	-	67,175	30,825
Salaries - Maint tech	15,366	13,563	-	13,563	1,803
Total	<u>\$ 129,000</u>	<u>\$ 94,040</u>	<u>\$ -</u>	<u>\$ 94,040</u>	<u>\$ 34,960</u>

**HUBBARD HOUSE, INC.  
(A NOT-FOR-PROFIT ORGANIZATION)**

**SCHEDULE OF SOURCE AND EXPENDITURE OF CITY GRANT FUNDS  
PER ORDINANCE CODE CHAPTER 118.205(e)**

**For Audit Year 2013-2014  
(Continued)**

**City of Jacksonville Public Service Grants for Fiscal Year 2013/2014 Audit**

**Receipt of City Funds**

	<u>City FY 2012- 2013 Grant No. 7027-73</u>	<u>City FY 2013- 2014 Grant No. 7027-76</u>
Amount of Award (per City budget ordinance)	\$ 39,057	\$ 30,785
Actual Funds Received from City in Last Audit Period	(18,953)	-
Actual Amount Received this Period	<u>(10,709)</u>	<u>(23,116)</u>
Amount Remaining to be Distributed	<u><u>\$ 9,395</u></u>	<u><u>\$ 7,669</u></u>

**Expenditures of City Funds**

City FY 2012-2013 Grant No. 7027-73 - \$39,057

<u>Item</u>	<u>(Unaudited) Original Budgeted</u>	<u>Actual 10/1/2012- 6/30/2013</u>	<u>Actual 7/1/2013- 9/30/2013</u>	<u>Total Actual</u>	<u>Remaining Balance</u>
Victim Advocate	\$ 39,057	\$ 18,953	\$ 10,709	\$ 29,662	\$ 9,395
Total	<u><u>\$ 39,057</u></u>	<u><u>\$ 18,953</u></u>	<u><u>\$ 10,709</u></u>	<u><u>\$ 29,662</u></u>	<u><u>\$ 9,395</u></u>

City FY 2013-2014 Grant No. 7027-76 - \$30,785

<u>Item</u>	<u>(Unaudited) Original Budgeted</u>	<u>Actual 10/1/2013- 6/30/2014</u>	<u>Actual 7/1/2014- 9/30/2014</u>	<u>Total Actual</u>	<u>Remaining Balance</u>
Victim Advocate	\$ 30,785	\$ 23,116	\$ -	\$ 23,116	\$ 7,669
Total	<u><u>\$ 30,785</u></u>	<u><u>\$ 23,116</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,116</u></u>	<u><u>\$ 7,669</u></u>

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT ORGANIZATION)**

**SCHEDULE OF SOURCE AND EXPENDITURE OF CITY GRANT FUNDS**  
**PER ORDINANCE CODE CHAPTER 118.205(e)**  
**For Audit Year 2013-2014**  
**(Continued)**

**City of Jacksonville Arrest Grants for Fiscal Year 2013/2014 Audit**

**Receipt of City Funds**

	<b>City FY 2012- 2014 Grant No. 7027-74</b>
Amount of Award (per City budget ordinance)	\$ 275,257
Actual Funds Received from City in Last Audit Period	(53,547)
Actual Amount Received this Period	(130,396)
Amount Remaining to be Distributed	\$ 91,314

**Expenditures of City Funds**

City FY 2012-2014 Grant No. 7027-74 - \$275,257

<b>Item</b>	<b>(Unaudited) Original Budgeted</b>	<b>Actual 10/1/2012- 6/30/2013</b>	<b>Actual 7/1/2013- 6/30/2014</b>	<b>Total Actual</b>	<b>Remaining Balance</b>
Salaries/Wages	\$ 175,267	\$ 36,016	\$ 84,641	\$ 120,657	\$ 54,610
Employee Benefits	57,380	8,591	27,155	35,746	21,634
Out of Town Travel	3,050	-	2,880	2,880	170
Community Tool Kit	5,000	-	-	-	5,000
Consultant Services	34,560	8,940	15,720	24,660	9,900
Total	\$ 275,257	\$ 53,547	\$ 130,396	\$ 183,943	\$ 91,314



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Hubbard House, Inc.  
Jacksonville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hubbard House, Inc. (a not-for-profit organization), which comprise statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 3, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hubbard House, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hubbard House, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hubbard House, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Masters Smith & Wisby, P.A.*

Certified Public Accountants  
Jacksonville, Florida

October 3, 2014



STEVEN D. RAWLINS, CPA  
GARY M. HUGGETT, CPA  
JEFFREY M. JACOBS, CPA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133  
AND CHAPTER 10.650 RULES OF THE AUDITOR GENERAL**

Board of Directors  
Hubbard House, Inc.  
Jacksonville, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited Hubbard House, Inc. (a not-for-profit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the requirements described in the *Department of financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of Hubbard House, Inc.'s major Federal programs and State projects for the year ended June 30, 2014. Hubbard House, Inc.'s major Federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs and State projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Hubbard House, Inc.'s major Federal programs and State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*, and Chapter 10.650 Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about Hubbard House, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and State project. However, our audit does not provide a legal determination of Hubbard House, Inc.'s compliance.

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### ***Opinion on Each Major Federal Program and State Project***

In our opinion, Hubbard House, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of Hubbard House, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hubbard House, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program or State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and State project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hubbard House, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program or State project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program or State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650 Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

***Masters Smith & Wisby, P.A.***

Certified Public Accountants  
Jacksonville, Florida

October 3, 2014

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2014**

**Financial Statements:**

Type of Auditors' Report	Unqualified
Internal Control Over Financial Reporting:	
Material weakness identified?	No
Significant deficiency(s) identified not considered to be material weakness	None reported
Noncompliance material to financial statements noted	No

**Federal Programs and State Projects:**

Internal Control Over Major Programs and State Projects:	
Material weakness identified?	No
Significant deficiency(s) identified not considered to be material weakness	None reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 or Chapter 10.650, Rules of the Auditor General	No

Identification of major programs:

**Federal Program**

**CFDA No.**

Crime Victim Assistance	16.575
Temporary Assistance for Needy Families	93.558

**State Project**

**CSFA No.**

Domestic Violence Trust Fund	N/A
General Revenue Trust Fund	N/A
Fixed Capital Outlay DV Expansion	N/A

	<b><u>Federal</u></b>	<b><u>State</u></b>
Dollar threshold used to distinguish Type A and Type B programs:	\$300,000	\$100,000
Auditee qualify as low risk auditee?	Yes	No

**HUBBARD HOUSE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2014**  
**(Continued)**

***Financial Statement Findings:***

There are no significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

***Major Federal Programs and State Projects Findings and Questioned Costs:***

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with Circular A-133 or Chapter 10.650, Rules of the Auditor General.

***Other Matters:***

The management letter required by A.G. Rule Section 10.656(3)(e) is not included in this report because there were no findings required to be reported.

The Summary Schedule of Prior Audit Findings is not included in this report because there were no prior audit findings related to Federal programs or State projects.

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal or State Single Audit Act.