Financial Statements

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

Years Ended June 30, 2016 and 2015

MSW
MASTERS, SMITH & WISBY, P.A.
ACCOUNTANTS & BUSINESS ADVISORS

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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, 2016 and 2015, 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 financial position of Hubbard House, Inc. as of June 30, 2016 and 2015, 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 and state funding is presented, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and Chapter 10.650, Rules of the Auditor General 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, 2016, 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 22-23 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 Unites 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, 2016

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

STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30 2016	June 30 2015
Cash and cash equivalents	$ 1,034,562	$ 1,317,925
Grants receivable	246,752	209,392
Promises to give	60,000	60,000
Prepaid expenses	10,650	1,459
Cash restricted for capital expenditures	5,004	5,153
Investments unrestricted	883,796	938,684
Assets restricted for Hubbard House Shelter Endowment Investments	644,682	714,615
Deposits	679	500
Property and equipment, net	6,121,301	6,380,382
Total Assets	$ 9,007,426	$ 9,628,110

LIABILITIES AND NET ASSETS	2016	2015
Liabilities:		
Accounts payable	$ 38,899	$ 140,178
Accrued expenses	147,593	117,125
Notes payable, building	505,868	542,494
Total Liabilities	692,360	799,797
Net Assets:		
Unrestricted	7,348,887	7,919,190
Temporarily restricted	416,179	359,123
Permanently restricted	550,000	550,000
Total Net Assets	8,315,066	8,828,313
Total Liabilities and Net Assets	$ 9,007,426	$ 9,628,110

See notes to financial statements

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

STATEMENTS OF ACTIVITIES

	Years Ended June 30	
	2016	2015
Changes in Unrestricted Net Assets:		
Unrestricted Support and Revenues:		
Government grants	$ 1,703,666	$ 2,162,626
Contributions - public	1,527,135	2,021,727
Contributions - United Way, allocated and designated	119,800	142,654
Contributions - in-kind	57,248	55,007
Loss on thrift store sales (see Note O)	(51,265)	(6,078)
Program services	190,051	198,377
Investment return	17,477	37,125
Loss on disposal of fixed assets	(75,103)	(70,931)
Miscellaneous	125,986	128,882
Total Unrestricted Support and Revenues	3,614,995	4,669,389
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	338,725	681,388
Total Unrestricted Support and Revenues and Net Assets Released from Restrictions	3,953,720	5,350,777
Functional Expenses:		
Program Services:		
Assistance to clients	3,390,500	2,921,477
Batterer's services	240,956	229,494
Supporting Services:		
Management and general	582,744	621,015
Fund raising	309,823	274,187
Total Functional Expenses	4,524,023	4,046,173
Change in Unrestricted Net Assets	(570,303)	1,304,604
Changes in Temporarily Restricted Net Assets:		
Contributions	402,000	139,675
Investment return	(6,219)	12,825
Net assets released from restrictions	(338,725)	(681,388)
Change in Temporarily Restricted Net Assets	57,056	(528,888)
Change in Net Assets	(513,247)	775,716
Net Assets, Beginning of Year	8,828,313	8,052,597
Net Assets, End of Year	$ 8,315,066	$ 8,828,313

See notes to financial statements

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

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2016

	Program Services		Supporting Services		
	Assistance to Clients	Batterer's Services	Management and General	Fund Raising	Total
Personnel	$ 2,318,831	$ 172,498	$ 443,771	$ 199,472	$ 3,134,572
Contract services	15,904	25,629	24,018	-	65,551
Supplies	29,284	2,100	7,982	3,412	42,778
Telephone	43,154	1,614	2,819	1,374	48,961
Postage	4,002	241	1,627	8,494	14,364
Occupancy	253,392	11,185	21,214	10,353	296,144
Equipment, maintenance and rental	76,051	2,837	19,034	14,551	112,473
Printing	3,249	380	432	25,717	29,778
Transportation	19,340	2,453	5,970	263	28,026
Conventions and meetings	24,752	281	2,656	21,499	49,188
Assistance to individuals	383,820	-	-	-	383,820
Dues and subscriptions	5,170	-	14,306	300	19,776
Bank fees	8,152	-	3,949	4,802	16,903
Insurance	48,815	51	47	22	48,935
Other expenses	19,898	658	1,273	638	22,467
	3,253,814	219,927	549,098	290,897	4,313,736
Depreciation expense	136,686	21,029	33,646	18,926	210,287
Total Functional Expenses	$ 3,390,500	$ 240,956	$ 582,744	$ 309,823	$ 4,524,023

See notes to financial statements

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

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2015

	Program Services		Supporting Services		
	Assistance to Clients	Batterer's Services	Management and General	Fund Raising	Total
Personnel	$ 2,065,210	$ 178,771	$ 441,068	$ 201,913	$ 2,886,962
Contract services	26,647	14,464	27,127	-	68,238
Supplies	27,700	2,683	7,711	3,004	41,098
Telephone	42,659	1,677	4,346	914	49,596
Postage	4,616	272	2,699	7,432	15,019
Occupancy	205,368	8,356	45,616	-	259,340
Equipment, maintenance and rental	54,156	1,330	32,648	16,884	105,018
Printing	7,619	-	133	8,175	15,927
Transportation	21,835	5,405	5,424	97	32,761
Conventions and meetings	19,581	60	3,359	16,600	39,600
Assistance to individuals	266,805	-	-	-	266,805
Dues and subscriptions	5,654	-	14,356	198	20,208
Bank fees	8,626	-	3,037	4,290	15,953
Insurance	46,255	56	51	32	46,394
Other expenses	13,870	285	7,624	127	21,906
	2,816,601	213,359	595,199	259,666	3,884,825
Depreciation expense	104,876	16,135	25,816	14,521	161,348
Total Functional Expenses	$ 2,921,477	$ 229,494	$ 621,015	$ 274,187	$ 4,046,173

See notes to financial statements

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

STATEMENTS OF CASH FLOWS

	Years Ended June 30	
	2016	**2015**
Cash Flows from Operating Activities:		
Change in net assets	$ (513,247)	$ 775,716
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	210,287	161,348
Net realized and unrealized loss (gain) on investments	30,239	(31,417)
Loss on the disposal of property and equipment	75,102	70,931
Changes in assets and liabilities:		
Cash restricted for expansion	-	34,510
Grants receivable	(37,360)	188,546
Promises to give	-	45,488
Prepaid expenses	(9,191)	(959)
Accounts payable	(101,284)	(54,872)
Accrued expenses	30,468	12,313
Net Cash Provided (Used) by Operating Activities	(314,986)	1,201,604
Cash Flows from Investing Activities:		
Proceeds from sales of assets unrestricted	514,323	869,795
Purchase of assets unrestricted	(466,756)	(812,593)
Proceeds from sales of assets restricted to endowment	385,487	586,371
Purchase of assets restricted to endowment	(338,647)	(554,263)
Proceeds from sale of assets restricted for land purchase	-	466,000
Purchase of property and equipment	(26,307)	(1,732,038)
Net Cash Provided (Used) by Investing Activities	68,100	(1,176,728)
Cash Flows from Financing Activities:		
Investment income and contributions restricted to long-term purposes: Restricted to endowment	149	131
Repayment of bank loan	(36,626)	(35,337)
Net Cash Used by Financing Activities	(36,477)	(35,206)
Net Change in Cash and Cash Equivalents	(283,363)	(10,330)
Cash and Cash Equivalents, Beginning of Year	1,317,925	1,328,255
Cash and Cash Equivalents, End of Year	$ 1,034,562	$ 1,317,925
Supplemental Information:		
Cash paid during the year for interest	$ 21,190	$ 20,930

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2016 and 2015

A. Nature of Activities:

Founded in Jacksonville, Florida in 1976, Hubbard House, Inc. operates the first emergency shelter for victims of domestic violence 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 safety, empowerment and social change for victims of domestic violence and their families. 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.

(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.

Grants Receivable:

Grants receivable consist primarily of amounts due from various agencies per cost-reimbursement contracts. Management uses the direct write-off method for any uncollectible amounts as such there is no allowance for doubtful accounts.

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:

	Years
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 2016 and 2015 was $7,899 and $6,011, respectively.

Reclassification of Financial Statement Presentation:

Certain reclassifications have been made to the June 30, 2015 financial statements to conform to the June 30, 2016 presentation. Such reclassifications have had no effect on the change in net assets as previously reported.

(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:

June 30, 2016	Cost	Market Value	Unrealized Gain/(Loss)
Money Market Funds	$ 50,497	$ 50,497	$ -
Government Securities	374,448	379,551	5,103
Corporate Bonds	80,835	86,347	5,412
Equity Securities	939,256	1,012,083	72,827
	$ 1,445,136	$ 1,528,478	$ 83,342
June 30, 2015			
Money Market Funds	$ 62,241	$ 62,241	$ -
Government Securities	389,395	391,401	2,006
Corporate Bonds	71,984	72,443	459
Equity Securities	1,008,947	1,127,214	118,267
	$ 1,532,567	$ 1,653,299	$ 120,732

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

C. Investments (continued):

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2016.

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	$ 44,939	$ 14,371	$ 59,310
Net realized and unrealized gains	(17,258)	(12,982)	(30,240)
Brokerage fees	(10,204)	(7,608)	(17,812)
Total Investment Return	$ 17,477	$ (6,219)	$ 11,258

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2015.

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	$ 47,399	$ 18,035	$ 65,434
Net realized and unrealized gains (losses)	2,720	4,869	7,589
Brokerage fees	(12,994)	(10,079)	(23,073)
Total Investment Return	$ 37,125	$ 12,825	$ 49,950

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:

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:

		Fair Value Hierarchy Level		
June 30, 2016	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Money Market Funds	$ 50,497	$ 50,497	$ -	$ -
Government Securities	379,551	379,551	-	-
Corporate Bonds	86,347	86,347	-	-
Equity Securities	1,012,083	1,012,083	-	-
Total	$ 1,528,478	$ 1,528,478	$ -	$ -

		Fair Value Hierarchy Level		
June 30, 2015	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
U.S. Treasury Strips	$ 62,241	$ 62,241	$ -	$ -
Money Market Funds	391,401	391,401	-	-
Government Securities	72,443	72,443	-	-
Equity Securities	1,127,214	1,127,214	-	-
Total	$ 1,653,299	$ 1,653,299	$ -	$ -

E. Property and Equipment:

	June 30 2016	June 30 2015
Property and equipment consist of the following:		
Land	$ 1,926,616	$ 1,926,616
Building and improvements	4,803,833	4,792,130
Equipment and furnishings	679,570	673,315
Vehicles	100,574	100,574
Outreach center	1,557,056	1,548,706
Construction in progress	-	75,103
	9,067,649	9,116,444
Less, accumulated depreciation	2,946,348	2,736,062
	$ 6,121,301	$ 6,380,382

Depreciation expense for 2016 and 2015 was $210,286 and $161,348, respectively.

F. Notes Payable:

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

	June 30 2016	June 30 2015
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	$ 171,860	$ 187,840
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	334,008	354,654
Total Notes Payable	$ 505,868	$ 542,494

F. Notes Payable (continued):

Notes payable are scheduled to mature as follows:

Year Ending June 30	Amount
2017	$ 38,099
2018	39,557
2019	41,083
2020	42,640
2021	44,338
Thereafter	300,151
Total	$ 505,868

Total interest expense was $21,190 and $20,930 for the years ended June 30, 2016 and 2015, respectively.

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, 2016 or 2015.

G. Concentrations of Revenue:

For the years ended June 30, 2016 and 2015, 38% and 42%, respectively, of unrestricted revenue was derived from governmental sources.

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

	June 30	
	2016	2015
Specific purpose	$ 71,975	$ 7,098
Specific program	284,204	217,184
Restricted for expansion	60,000	129,557
Assets restricted for capital expenditures		5,284
	$ 416,179	$ 359,123

(continued)

I. Support Received Which Required Match:

The Organization receives a substantial portion of its support under grant contracts with several Federal and State of Florida government agencies. 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, Inc. met the matching requirements of these contracts for the year ended June 30, 2016 as shown below:

Total Expenses		$ 4,524,023
Less, non-matching revenues:		
Temporary Assistance for Needy Families	265,804	
Child and Adult Care Food Program	26,533	292,337
		4,231,686
Family Violence Prevention and Services (FVPS) 16-2214		
Amount received or receivable requiring match	129,278	
Match required - 25%:75%	32,319	161,597
Victims of Crime Act Fund (VOCA) V14125, V14152, V14125 and V14152		
Amount received or receivable requiring match	342,239	
Match required - 25%:75%	85,560	427,799
FCADV Basic Needs Agreement		
Amount received or receivable requiring match	17,984	
Match required	1,140	19,124
Excess Match Available		$ 3,623,166

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.

(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 $451,269 and $478,743 at June 30, 2016 and 2015, 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, 2016 and 2015, was $821,575 and $1,173,663, 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, 2016 and 2015, employer contributions were made totaling $91,613 and $87,975, respectively.

M. Subsequent Events:

The Organization has evaluated subsequent events through October 3, 2016, the date the financial statements were available to be issued.

N. Related Party Transactions:

The Organization received $575,670 and $321,496 in unrestricted contributions from its affiliate, Hubbard House Foundation, Inc. for the years ended June 30, 2016 and 2015, respectively. The above amounts are included in public contributions section in the statements of activities.

The Organization also received $50,000 from Hubbard House Foundation, Inc. for management and general expenses for both of the years ended June 30, 2016 and 2015.

(continued)

O. Sales to the Public (Thrift Store):

Hubbard House operates a thrift store in Jacksonville and solicits clothing, furniture and other articles for sale to the public. The inventory of unsold clothing and articles on hand at June 30, 2016 and 2015 are not included in the financial statements since there is no readily determinable value for such items.

	Years Ended June 30	
	2016	2015
Sales, net of sales tax	$ 286,798	$ 306,994
Recycling, net	6,342	3,143
	293,140	310,137
Expenses:		
Personnel	218,352	193,985
Supplies	1,790	1,474
Telephone	6,714	6,365
Postage	99	-
Occupancy	73,317	70,342
Advertising	4,113	2,604
Equipment repairs and rentals	327	5,893
Printing	896	-
Transportation	2,824	3,731
Insurance	26,318	21,256
Other	9,655	10,565
	344,405	316,2315
Sales to the Public, Net of Direct Expenses	$ (51,265)	$ (6,078)

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 $303,544 for 13,885 volunteer hours for the year ended June 30, 2016, and $385,064 for 17,076 volunteer hours for the year ended June 30, 2015.

(continued)

Q. Commitments:

Land lease purchase:

Through June 30, 2015 the Organization leased the land where their shelter is located as provided by a lease with an initial lease term of twenty years with six renewal options of ten years each. The lease also contained a purchase option at the end of the initial term and each extension period. On June 30, 2015 the Organization exercised the purchase option in the amount of $466,000. Lease expense for this lease was $-0- and $32,871 for the years ended June 30, 2016 and 2015, respectively.

Operating leases:

The Organization leases certain office space and equipment under operating leases expiring in 2021.

Future minimum lease payments are as follows:

Years Ending June 30	Amount
2017	16,520
2018	16,520
2019	11,090
2020	6,188
2021	3,640
Total	$ 53,958

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 2016, 2015, 2014, and 2013.

ADDITIONAL INFORMATION

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FUNDING
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program	CFDA CSFA Number	Contract/ Grant Number	Expenditures
U.S. Department of Health and Human Services/			
Florida Coalition Against Domestic Violence/			
Family Violence Prevention and Services	93.671	16-2214	$ 129,277
DV Center Basic Needs Agreement	93.671	16-2214	1,567
Temporary Assistance for Needy Families	93.558	16-2214	265,804
DV Center Basic Needs Agreement	93.558	16-2214	947
NE Florida Healthy Start Coalition - Fatherhood Initiative	N/A	90FK0067-01-00	4,860
Total U.S. Department of Health and Human Services			402,455
U.S. Department of Justice/			
State of Florida Department of Legal Affairs/			
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V14125	96,342
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V14152	10,156
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V14125	213,644
Crime Victim Assistance (Victims of Crime Act Fund)	16.575	V14152	25,097
DV Center Basic Needs Agreement - STOP	16.588	N/A	1,126
Jacksonville Area Legal Aid	16.524	2014-WL-AX-0064	10,805
Total U.S. Department of Justice			357,170
U.S Department of Housing & Urban Development			
Changing Homelessness Jacksonville, Inc.			
Safe Space Project	24 CFR 583	FLO125B4H101003	53,507
Emergency Food and Shelter Program	97.024	160800-016	16,000
Total U.S. Department of Housing and Urban Development			69,507
U. S. Department of Agriculture			
State of Florida/			
Child and Adult Care Food Program (Food and Nutrition)	10.558	I-065	23,971
Total Expenditures of Federal Awards			$ 853,103
Florida Coalition Against Domestic Violence/			
Domestic Violence Trust Fund	N/A	16-2214	$ 144,468
DV Center Basic Needs Agreement	N/A	16-2214	14,345
General Revenue Fund	N/A	16-2214	321,166
Prevention Initiative Project	N/A	16-2214	20,000
Child Protection Investigations (CPI) Project	N/A	16-2214-CPI-GR	165,000
Total Expenditures of State Funding			$ 664,979

See notes to schedule of awards

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

NOTES TO SCHEDULE OF AWARDS
Year Ended June 30, 2016

A. Basis of Presentation:

The schedule of expenditures of Federal awards and State Funding presented on page 20 (the Schedule) includes the federal and state grant activity of Hubbard House, Inc. for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650 Rules of the Auditor General. 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. Expenditures reported on the Schedule are reported on the accrual basis of accounting.

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 2015-2016

City of Jacksonville Public Service Grants for Fiscal Year 2015/2016 Audit

Receipt of City Funds

	City FY 2014-2015 Grant No. 7027-78	City FY 2015-2016 Grant No. 7027-80
Amount of Award (per City budget ordinance)	$ 125,000	$ 125,000
Actual Funds Received from City in Last Audit Period	(99,259)	-
Actual Amount Received this Period	(25,741)	(112,319)
Amount Remaining to be Distributed	$ -	$ 12,681

Expenditures of City Funds

City FY 2014-2015 Grant No. 7027-78 - $125,000

Item	(Unaudited) Original Budgeted	Actual 10/1/2014-6/30/2015	Actual 7/1/2015-9/30/2015	Total Actual	Remaining Balance
Telephone	$ 17,898	$ 15,929	$ 1,969	$ 17,898	$ -
Utilities	100,800	77,028	23,772	100,800	-
Security Monitoring	6,302	6,302	-	6,302	-
Total	$ 125,000	$ 99,259	$ 25,741	$ 125,000	$ -

City FY 2015-2016 Grant No. 7027-80 - $125,000

Item	(Unaudited) Original Budgeted	Actual 10/1/2015-6/30/2016	Actual 7/1/2016-9/30/2016	Total Actual	Remaining Balance
Telephone	$ 17,898	$ 16,934	$ -	$ 16,934	$ 964
Utilities	100,800	89,083	-	89,083	11,717
Security Monitoring	6,302	6,302	-	6,302	-
Total	$ 125,000	$ 112,319	$ -	$ 112,319	$ 12,681

(continued)

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 2015-2016
(continued)

City of Jacksonville Public Service Grants for Fiscal Year 2015/2016 Audit

Receipt of City Funds

	City FY 2014-2015 Grant No. 7027-79	City FY 2015-2016 Grant No. 7027-81
Amount of Award (per City budget ordinance)	$ 35,601	$ 37,669
Actual Funds Received from City in Last Audit Period	(25,690)	-
Actual Amount Received this Period	(9,911)	(26,971)
Amount Remaining to be Distributed	$ -	$ 10,698

Expenditures of City Funds

City FY 2014-2015 Grant No. 7027-79 - $35,601

Item	(Unaudited) Original Budgeted	Actual 10/1/2014-6/30/2015	Actual 7/1/2015-9/30/2015	Total Actual	Remaining Balance
Salaries	$ 27,219	$ 19,279	$ 7,940	$ 27,219	$ -
FICA	2,082	1,370	532	1,902	180
Health Ins.	4,920	4,095	1,311	5,406	(486)
Dental	343	48	24	72	271
Life Ins.	399	378	21	399	-
Workers Comp.	474	391	83	474	-
Unemployment Ins.	164	129	-	129	35
Total	$ 35,601	$ 25,690	$ 9,911	$ 35,601	$ -

City FY 2015-2016 Grant No. 7027-801 - $37,669

Item	(Unaudited) Original Budgeted	Actual 10/1/2015-6/30/2016	Actual 7/1/2015-9/30/2015	Total Actual	Remaining Balance
Salaries	$ 27,966	$ 19,858	$ -	$ 19,858	$ 8,108
FICA	2,139	1,404	-	1,404	735
Health Ins.	5,420	4,337	-	4,337	1,083
Dental	97	72	-	72	25
Life Ins.	483	356	-	356	127
Workers Comp.	557	443	-	443	114
Unemployment Ins.	147	74	-	74	73
Retirement	860	427		427	433
Total	$ 37,669	$ 26,971	$ -	$ 26,971	$ 10,698

MSW
MASTERS, SMITH & WISBY, P.A.
ACCOUNTANTS & BUSINESS ADVISORS

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

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, 2016, 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, 2016.

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.

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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.

Mostyn, Smith & Wisly, P.A.
Certified Public Accountants
Jacksonville, Florida

October 3, 2016

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

MSW
MASTERS, SMITH & WISBY, P.A.
ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE 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 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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) *and* Chapter 10.650 Rules of the Auditor General. Those standards, the Uniform Guidance 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, 2016.

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 the Uniform Guidance 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 The Uniform guidance 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, 2016

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
Year Ended June 30, 2016

Financial Statements:

Type of Auditors' Report	Unmodified	
Internal Control Over Financial Reporting:		
Material weakness(es) identified?	No	
Significant deficiency(ies) identified?	None reported	
Noncompliance material to financial statements noted?	No	

Federal Programs and State Projects:

Internal Control Over Major Programs and State Projects:		
Material weakness(es) identified?	No	
Significant deficiency(ies) identified?	None reported	
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 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	
Domestic Violence Capital Improvement Grant	N/A	
Child Protection Investigations (CPI) Project	N/A	
	Federal	**State**
Dollar threshold used to distinguish Type A and Type B programs:	$750,000	$199,494
Auditee qualify as low risk auditee?	Yes	N/A

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
Year Ended June 30, 2016
(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 Uniform Guidance 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.