

ST. HUBERT'S GIRALDA

**Financial Statements
December 31, 2017 and 2016**

ST. HUBERT'S GIRALDA

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
St. Hubert's Giralda
Madison, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of St. Hubert's Giralda (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Hubert's Giralda as of December 31, 2017 and 2016, 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.

Spire Group, PC

Clark, New Jersey
November 6, 2018

ST. HUBERT'S GIRALDA**Statements of Financial Position
December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 1,358,026	\$ 1,197,565
Accounts receivable	463,531	314,592
Bequests receivable	381,000	763,616
Pledges receivable - net	-	969
Investments - at fair value	3,421,511	3,076,022
Accrued interest receivable	24,040	20,273
Prepaid expenses	83,257	75,597
Inventory	32,823	56,001
Property and equipment - net	16,475,393	16,867,095
Other assets	<u>24,765</u>	<u>25,517</u>
Total Assets	\$ <u>22,264,346</u>	\$ <u>22,397,247</u>
Liabilities		
Accounts payable and accrued expenses	\$ 399,282	\$ 360,763
Accrued salaries and taxes	98,407	77,614
Accrued vacation	36,579	44,733
Deferred revenue	<u>26,834</u>	<u>28,729</u>
Total Liabilities	<u>561,102</u>	<u>511,839</u>
Net Assets		
Unrestricted		
General operating	19,752,997	20,505,719
Board designated for endowment	<u>565,545</u>	<u>517,780</u>
Total unrestricted net assets	20,318,542	21,023,499
Temporarily restricted	<u>1,384,702</u>	<u>861,909</u>
Total Net Assets	<u>21,703,244</u>	<u>21,885,408</u>
Total Liabilities and Net Assets	\$ <u>22,264,346</u>	\$ <u>22,397,247</u>

See accompanying notes.

ST. HUBERT'S GIRALDA

**Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2017 and 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue						
Program service fees	\$ 1,897,577	\$ -	\$ 1,897,577	\$ 1,865,836	\$ -	\$ 1,865,836
Contributions and bequests	2,771,070	1,680,345	4,451,415	2,868,145	1,073,414	3,941,559
Special events - net of expenses of \$26,146 in 2017 and \$38,926 in 2016, respectively	66,059	-	66,059	58,859		58,859
Interest and dividends	123,537	483	124,020	114,978	327	115,305
Other income	-	-	-	100	-	100
Net assets released from restrictions due to satisfaction of purpose	1,158,035	(1,158,035)	-	1,108,741	(1,108,741)	-
Total Revenue	6,016,278	522,793	6,539,071	6,016,659	(35,000)	5,981,659
Expenses						
Program Services						
Animal welfare services	4,671,653	-	4,671,653	3,853,009	-	3,853,009
Community service	417,016	-	417,016	355,548	-	355,548
Training and behavior center	632,677	-	632,677	555,059	-	555,059
Membership services	238,560	-	238,560	174,914	-	174,914
Doggy day-camp	64,003	-	64,003	56,069	-	56,069
Total Program Services	6,023,909	-	6,023,909	4,994,599	-	4,994,599
Supporting Services						
Administration	309,809	-	309,809	395,597	-	395,597
Development	586,003	-	586,003	658,296	-	658,296
Total Supporting Services	895,812	-	895,812	1,053,893	-	1,053,893
Total Expenses	6,919,721	-	6,919,721	6,048,492	-	6,048,492
Change in Net Assets Before Other Items - Forward	(903,443)	522,793	(380,650)	(31,833)	(35,000)	(66,833)
See accompanying notes.						

ST. HUBERT'S GIRALDA

**Statements of Activities and Changes in Net Assets (Continued)
For the Years Ended December 31, 2017 and 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Change in Net Assets Before Other Items - Forwarded	(903,443)	522,793	(380,650)	(31,833)	(35,000)	(66,833)
Other Items						
Gain on sale of other assets	1,257	-	1,257	1,524	-	1,524
Realized (loss) gain	(21,304)	-	(21,304)	113,049	-	113,049
Unrealized gain	218,533	-	218,533	41,171	-	41,171
Total Other Items	198,486	-	198,486	155,744	-	155,744
Change in Net Assets	(704,957)	522,793	(182,164)	123,911	(35,000)	88,911
Net Assets - Beginning of Years	21,023,499	861,909	21,885,408	20,899,588	896,909	21,796,497
Net Assets - End of Years	<u>\$ 20,318,542</u>	<u>\$ 1,384,702</u>	<u>\$ 21,703,244</u>	<u>\$ 21,023,499</u>	<u>\$ 861,909</u>	<u>\$ 21,885,408</u>

See accompanying notes.

ST. HUBERT'S GIRALDA

**Statement of Functional Expenses
For the Year Ended December 31, 2017**

	Program Services					Supporting Services				Total Expenses
	Animal Welfare Service	Community Service	Training and Behavior Center	Membership Service	Doggy Day-Camp	Total Program Services	Administration	Development	Total Supporting Services	
Salaries	\$ 2,226,534	\$ 235,604	\$ 312,323	\$ 86,605	\$ 42,641	\$ 2,903,707	\$ 132,765	\$ 173,819	\$ 306,584	\$ 3,210,291
Benefits	182,600	19,500	6,999	523	4,606	214,228	14,464	13,744	28,208	242,436
Payroll taxes	221,421	24,261	31,577	7,574	4,553	289,386	15,117	18,325	33,442	322,828
Printing and publications	8,143	466	311	74,232	-	83,152	518	126,459	126,977	210,129
Professional services	53,753	7,205	29,588	10,208	2,181	102,935	89,496	37,909	127,405	230,340
Travel	9,429	248	(923)	-	-	8,754	622	909	1,531	10,285
Insurance	101,135	12,560	24,699	3,890	3,611	145,895	5,903	5,371	11,274	157,169
Depreciation	338,730	12,164	133,896	2,964	1,200	488,954	3,442	15,353	18,795	507,749
Program supplies	1,117,472	72,635	1,886	-	276	1,192,269	-	466	466	1,192,735
Equipment rental and repairs	85,299	12,703	25,780	3,609	1,229	128,620	3,644	6,476	10,120	138,740
Office supplies and postage	10,124	2,024	2,852	43,213	38	58,251	3,028	63,949	66,977	125,228
Dues and subscriptions	1,170	-	29	-	-	1,199	1,885	608	2,493	3,692
Training and workshops	1,644	-	328	-	-	1,972	7,650	390	8,040	10,012
Advertising and promotion	414	250	-	-	-	664	-	54,159	54,159	54,823
Utilities and ground maintenance	230,608	16,386	53,203	5,542	3,279	309,018	29,904	11,566	41,470	350,488
Miscellaneous expense	83,177	1,010	1,805	200	389	86,581	1,371	2,227	3,598	90,179
Items purchased for resale	-	-	8,324	-	-	8,324	-	54,273	54,273	62,597
Total	\$ 4,671,653	\$ 417,016	\$ 632,677	\$ 238,560	\$ 64,003	\$ 6,023,909	\$ 309,809	\$ 586,003	\$ 895,812	\$ 6,919,721

See accompanying notes.

ST. HUBERT'S GIRALDA

**Statement of Functional Expenses
For the Year Ended December 31, 2016**

	Program Services					Supporting Services				
	Animal Welfare Service	Community Service	Training and Behavior Center	Membership Service	Doggy Day-Camp	Total Program Services	Administration	Development	Total Supporting Expenses	Total Expenses
Salaries	\$ 1,877,338	\$ 236,160	\$ 256,979	\$ 46,237	\$ 36,595	\$ 2,453,309	\$ 159,480	\$ 156,660	\$ 316,140	\$ 2,769,449
Benefits	134,156	19,992	1,137	1,070	3,953	160,308	7,896	5,049	12,945	173,253
Payroll taxes	197,921	25,062	27,042	4,557	4,318	258,900	16,102	16,704	32,806	291,706
Printing and publications	6,104	731	337	66,408	-	73,580	1,028	153,085	154,113	227,693
Professional services	48,176	7,158	29,903	10,984	1,267	97,488	88,910	37,496	126,406	223,894
Travel	4,628	255	-	-	-	4,883	-	421	421	5,304
Insurance	130,472	16,548	32,623	5,405	4,751	189,799	7,362	6,592	13,954	203,753
Depreciation	324,729	11,167	120,332	6,359	1,794	464,381	2,890	13,330	16,220	480,601
Program supplies	764,076	7,359	321	-	-	771,756	97	-	97	771,853
Equipment rental and repairs	84,297	9,629	21,355	3,412	720	119,413	3,639	3,428	7,067	126,480
Office supplies and postage	7,331	2,615	3,899	24,555	42	38,442	5,161	79,965	85,126	123,568
Dues and subscriptions	20	500	-	-	-	520	248	535	783	1,303
Training and workshops	2,686	230	-	-	-	2,916	2,428	648	3,076	5,992
Advertising and promotion	606	795	-	-	-	1,401	90	50,112	50,202	51,603
Utilities and ground maintenance	162,075	16,631	55,235	5,923	2,629	242,493	91,895	11,397	103,292	345,785
Miscellaneous expense	108,394	716	-	4	-	109,114	8,371	2,120	10,491	119,605
Items purchased for resale	-	-	5,896	-	-	5,896	-	120,754	120,754	126,650
Total	\$ 3,853,009	\$ 355,548	\$ 555,059	\$ 174,914	\$ 56,069	\$ 4,994,599	\$ 395,597	\$ 658,296	\$ 1,053,893	\$ 6,048,492

See accompanying notes.

ST. HUBERT'S GIRALDA

Statements of Cash Flows For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (182,164)	\$ 88,911
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	507,749	480,601
Realized loss (gain)	21,304	(113,049)
Unrealized (gain)	(218,533)	(41,171)
Donated marketable securities	(111,715)	(173,375)
(Gain) on sale of other assets	(1,257)	(1,524)
(Increase) decrease in:		
Accounts receivable	(148,939)	(124,672)
Bequests receivable	382,616	(343,619)
Pledges receivable	969	-
Accrued interest receivable	(3,767)	676
Prepaid expenses	(7,660)	23,672
Inventory	23,178	72,358
Increase (decrease) in:		
Accounts payable and accrued expenses	38,519	64,983
Accrued salaries and taxes	20,793	29,164
Accrued vacation	(8,154)	2,176
Deferred revenue	(1,895)	(816)
Net Cash Provided (Used) by Operating Activities	<u>311,044</u>	<u>(35,685)</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(116,047)	(474,133)
Purchase of investments	(1,272,910)	(887,517)
Proceeds from sale of investments	1,236,365	978,564
Proceeds from sale of fine art	2,009	1,900
Net Cash (Used) by Investing Activities	<u>(150,583)</u>	<u>(381,186)</u>
Net Change in Cash and Cash Equivalents	160,461	(416,871)
Cash and Cash Equivalents - Beginning of Years	<u>1,197,565</u>	<u>1,614,436</u>
Cash and Cash Equivalents - End of Years	<u>\$ 1,358,026</u>	<u>\$ 1,197,565</u>
Supplemental Information - Cash Paid For:		
Income taxes	\$ -	\$ -
Interest	\$ -	\$ -

See accompanying notes.

ST. HUBERT'S GIRALDA

Notes to Financial Statements December 31, 2017 and 2016

Note 1 - Organization and Purpose

Organization

St. Hubert's Giralda (the "Organization") is a non-profit organization dedicated to the humane treatment of animals. The Organization believes in and provides services that support the human/animal bond and seeks to foster an environment in which people value and respect all living creatures.

Note 2 - Summary of Significant Accounting Policies and General Information

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk are cash and investments arising from its normal activities. The Organization places its cash with high credit quality financial institutions. The amount on deposit in any one institution that exceeds federally insured limits is subject to credit risk. At December 31, 2017 and 2016, the Organization had cash in excess of federally insured limits of \$993,494 and \$727,266, respectively.

All investments are subject to credit risk.

Accounts Receivable

Accounts receivable are recorded at cost. On a periodic basis, the Organization evaluates its accounts receivable to determine if any portion is uncollectible. Based upon historical experience, management deems no allowance for doubtful accounts to be necessary as of December 31, 2017 and 2016.

Pledges Receivable

Pledges receivable approximate fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor.

Bequests Receivable

Bequests receivable are recognized when the Organization receives notification that the probate court has declared the will is valid. Bequests receivable are generally expected to be collected in less than one year.

Investments

Investments are recorded at fair value. Realized and unrealized gains and losses are reflected separately in the Statement of Activities and Changes in Net Assets. The realized gain or loss from the sale of an investment is reported as the selling price of the investment less the carrying value of the investment at the time of sale.

ST. HUBERT'S GIRALDA

Notes to Financial Statements December 31, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies and General Information (Continued)

Property and Equipment

Property and equipment is stated at cost if purchased or at fair value on the date of donation if donated. Property and equipment costing \$1,000 or more is depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to fifty years. The cost of maintenance and repairs is recorded as expenses are incurred.

The range of estimated useful lives follows:

Buildings and improvements	10 - 50 years
Equipment	5 -10 years
Vehicles	4-5 years

Long-Lived Assets

Long-lived tangible assets subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceed their value as determined by an estimate of undiscounted future cash flows.

Income Taxes

The Organization is exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined that there were no tax uncertainties that met the recognition threshold in 2017. The Organization's exempt from federal income tax return is no longer subject to examination by federal taxing authorities for years before 2014.

Inventory

Inventory is recorded at the lower of cost or market value using the first-in, first-out method and consists of primarily pet accessories and toys.

Deferred Revenue

The Organization recognizes revenue when it is realizable and earned. Deferred revenue represents amounts collected but not earned as of December 31, 2017 and 2016. This is primarily comprised of revenue for the Organization's dog training classes paid in advance to be held in the subsequent fiscal year.

ST. HUBERT'S GIRALDA

Notes to Financial Statements December 31, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies and General Information (Continued)

Net Asset Classification

The net assets of the Organization are reported in their self-balancing groups as follows:

Unrestricted Net Assets – Represent unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Organization and include both internally designated and undesignated resources.

Board Designated for Endowment – The “Connie Fund” was established in May 2012. It was seeded by the estate of Martha E. Henry and was named in honor of her mother, Connie. The spirit is to provide ongoing operational support to the mission of the Organization. The Organization is conscious of its need to establish an endowment type fund and as such has an interest in further development of the Connie Fund to meet that need. The Board of Trustees passed a motion which requires 100% Board approval to touch the corpus of this fund. Only the income from the fund will be used every year to support operations. Therefore, the Connie Fund is classified as Board designated unrestricted net assets.

Temporarily Restricted Net Assets – Represents revenue and contributions subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions due to satisfaction of purpose.

Permanently Restricted Net Assets – Represent funds restricted by the donor to be maintained in-perpetuity by the Organization. There were no permanently restricted net assets as of December 31, 2017 and 2016.

Use of Estimates

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

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

In-Kind Contributions

The Organization receives various donations of professional services and supplies for its special events, which are recorded at their estimated fair market value on the date of donation. For the years ended December 31, 2017 and 2016, the Organization received donated securities with a fair market value of \$111,715 and \$173,375, respectively.

Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

ST. HUBERT'S GIRALDA

Notes to Financial Statements December 31, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies and General Information (Continued)

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14 ("ASU 2016-14"), *Presentation of Financial Statements for Not-for-Profit Entities*, which significantly changes the presentation requirements for financial statements for not-for-profit entities ("NFPs"). The amendments are intended to improve the guidance on net asset classification as well as the information presented in the financial statements and financial statement notes regarding liquidity, financial performance, and cash flows for NFPs.

Specifically, ASU 2016-14 addresses (1) the complexity and understandability of net asset classifications, (2) the lack of consistency in the type of information provided about expenses, and (3) inconsistencies in the reporting of (a) operating information in the statement of activities and (b) operating cash flows in the statement of cash flows. ASU 2016-14's amendments are effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization is currently assessing the impact that adopting ASU 2016-14 will have on its financial statements.

Subsequent Events

The Organization has evaluated all subsequent events through November 6, 2018, the date these financial statements were available to be issued.

Note 3 - Pledges Receivable

Pledges receivable consist of promises to give for the capital campaign and are receivable over a period of one to seven years. The pledges have been discounted to their present value at 3.25%.

	<u>2017</u>	<u>2016</u>
Gross	\$ -	\$ 1,000
Less: Allowance for doubtful accounts	-	-
Less: Unamortized present value discount	<u>-</u>	<u>(31)</u>
Pledges receivable - net	<u>\$ -</u>	<u>\$ 969</u>
Maturity of pledges receivable:		
Less than one year	<u>\$ -</u>	<u>\$ 1,000</u>

ST. HUBERT'S GIRALDA

Notes to Financial Statements December 31, 2017 and 2016

Note 4 - Investments

Investments consisted of the following:

	2017		2016	
	Cost	Market Value	Cost	Market Value
Equities	\$ 1,293,608	\$ 1,675,609	\$ 1,176,629	\$ 1,430,314
Corporate bonds	1,478,114	1,732,975	1,407,932	1,628,997
U.S. Government securities	12,444	12,927	14,603	16,711
Total	<u>\$ 2,784,166</u>	<u>\$ 3,421,511</u>	<u>\$ 2,599,164</u>	<u>\$ 3,076,022</u>

Note 5 - Fair Value Measurements

For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions made by management. Preference is given to observable inputs. Fair value measurements are categorized into one of three levels (the fair value hierarchy) based on the inputs to the valuation techniques used to measure fair value as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2 – unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3 – unobservable inputs which reflect the reporting entity's own assumptions on what assumptions market participants would use in pricing the asset or liability based on the best available information.

In some cases, the inputs used to measure the fair value of an asset or liability might be categorized within different levels of the fair value hierarchy. In such cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability.

ST. HUBERT'S GIRALDA

**Notes to Financial Statements
December 31, 2017 and 2016**

Note 5 - Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2017 and 2016:

	2017	Fair Value Measurements at Reporting Date Using		
		Total	(Level 1)	(Level 2)
Equities:				
Financial sector	\$ 426,552	\$ 426,552	\$ -	\$ -
Real estate sector	377,843	377,843	-	-
Energy sector	265,246	265,246	-	-
Healthcare sector	199,076	199,076	-	-
Technology sector	163,633	163,633	-	-
Utilities sector	119,210	119,210	-	-
Basic materials sector	110,825	110,825	-	-
Industrial goods sector	13,224	13,224	-	-
Total equities	1,675,609	1,675,609	-	-
Corporate bonds:				
Consumer goods sector	340,801	-	340,801	-
Technology sector	306,575	-	306,575	-
Financial sector	301,850	-	301,850	-
Industrial goods sector	184,796	-	184,796	-
Communications sector	174,297	-	174,297	-
Energy sector	167,968	-	167,968	-
Healthcare sector	91,952	-	91,952	-
Services sector	67,436	-	67,436	-
Basic materials sector	59,767	-	59,767	-
Real estate sector	37,533	-	37,533	-
Total corporate bonds	1,732,975	-	1,732,975	-
Government securities:				
Mortgage-backed	12,927	-	12,927	-
Total assets	\$ 3,421,511	\$ 1,675,609	\$ 1,745,902	\$ -

ST. HUBERT'S GIRALDA

**Notes to Financial Statements
December 31, 2017 and 2016**

Note 5 - Fair Value Measurements (Continued)

	2016	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>
Equities:				
Financial sector	\$ 331,414	\$ 331,414	\$ -	\$ -
Energy sector	267,367	267,367	-	-
Healthcare sector	230,729	230,729	-	-
Technology sector	163,017	163,017	-	-
Real estate sector	128,903	128,903	-	-
Consumer goods sector	98,454	98,454	-	-
Utilities sector	97,136	97,136	-	-
Industrial goods sector	66,586	66,586	-	-
Communications sector	46,708	46,708	-	-
Total equities	<u>1,430,314</u>	<u>1,430,314</u>	<u>-</u>	<u>-</u>
Corporate bonds:				
Financial sector	381,834	-	381,834	-
Consumer goods sector	337,849	-	337,849	-
Technology sector	234,075	-	234,075	-
Healthcare sector	180,121	-	180,121	-
Industrial goods sector	126,471	-	126,471	-
Communications sector	115,906	-	115,906	-
Energy sector	108,721	-	108,721	-
Real estate sector	72,620	-	72,620	-
Services sector	71,400	-	71,400	-
Total corporate bonds	<u>1,628,997</u>	<u>-</u>	<u>1,628,997</u>	<u>-</u>
Government securities:				
Mortgage-backed	<u>16,711</u>	<u>-</u>	<u>16,711</u>	<u>-</u>
Total assets	\$ <u><u>3,076,022</u></u>	\$ <u><u>1,430,314</u></u>	\$ <u><u>1,645,708</u></u>	\$ <u><u>-</u></u>

ST. HUBERT'S GIRALDA**Notes to Financial Statements
December 31, 2017 and 2016****Note 6 - Property and Equipment**

Property and equipment consists of the following:

	2017		
	Cost	Accumulated Depreciation and Amortization	Book Value
Land	\$ 733,387	\$ -	\$ 733,387
Building and improvements	16,301,350	2,688,730	13,612,620
Equipment	1,174,556	1,045,365	129,191
Vehicles	393,954	230,732	163,222
Construction in progress	1,836,973	-	1,836,973
Total	<u>\$ 20,440,220</u>	<u>\$ 3,964,827</u>	<u>\$ 16,475,393</u>

	2016		
	Cost	Accumulated Depreciation and Amortization	Book Value
Land	\$ 733,387	\$ -	\$ 733,387
Building and improvements	16,291,549	2,264,773	14,026,776
Equipment	1,163,588	1,004,243	159,345
Vehicles	298,676	188,062	110,614
Construction in progress	1,836,973	-	1,836,973
Total	<u>\$ 20,324,173</u>	<u>\$ 3,457,078</u>	<u>\$ 16,867,095</u>

For the years ended December 31, 2017 and 2016 depreciation expense amounted to \$507,749 and \$480,601, respectively.

ST. HUBERT'S GIRALDA

Notes to Financial Statements December 31, 2017 and 2016

Note 7 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Building Fund	\$ 399,429	\$ 267,068
Program restrictions	<u>985,273</u>	<u>594,841</u>
Total	<u>\$ 1,384,702</u>	<u>\$ 861,909</u>

Note 8 - Pension Plan

The Organization has a defined contribution plan covering substantially all of its employees. Employer contributions are discretionary and are based on up to five percent of covered employees' salaries. Employees may elect to make salary reduction contributions to the plan. The Organization did not contribute to the plan for the years ended December 31, 2017 and 2016.

Note 9 - Lease Commitment

The Organization leases office equipment under various operating leases expiring through September 2022.

Aggregate future minimum payments are as follows:

<u>Year Ended December 31,</u>	
2018	\$ 18,024
2019	18,024
2020	6,072
2021	4,772
2022	<u>1,629</u>
Total	<u>\$ 48,521</u>

For the years ended December 31, 2017 and 2016, rent expense amounted to \$16,395 and \$13,252, respectively.

Note 10 - Litigation

The Organization is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material effect on the financial condition or results of operations of the Organization.